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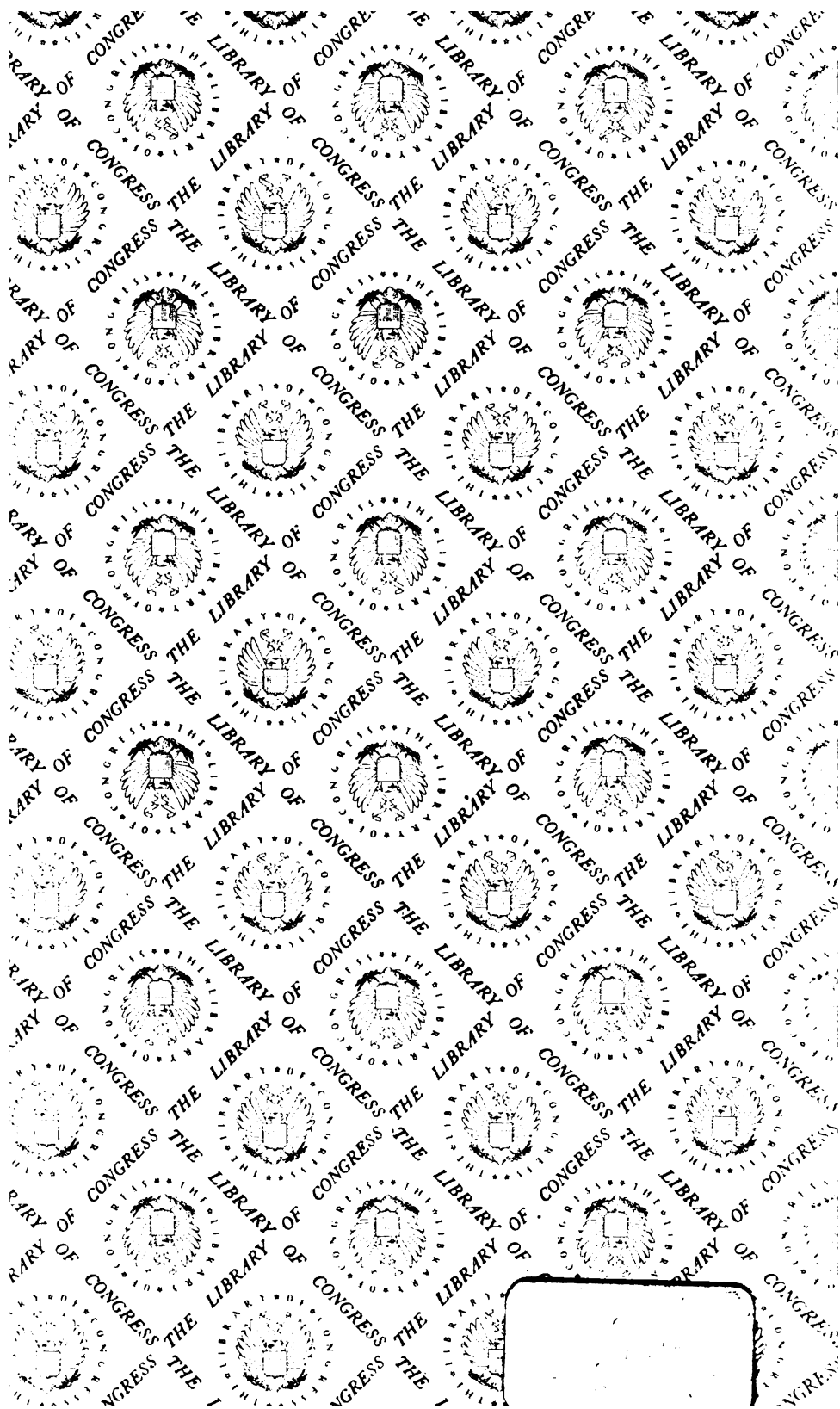
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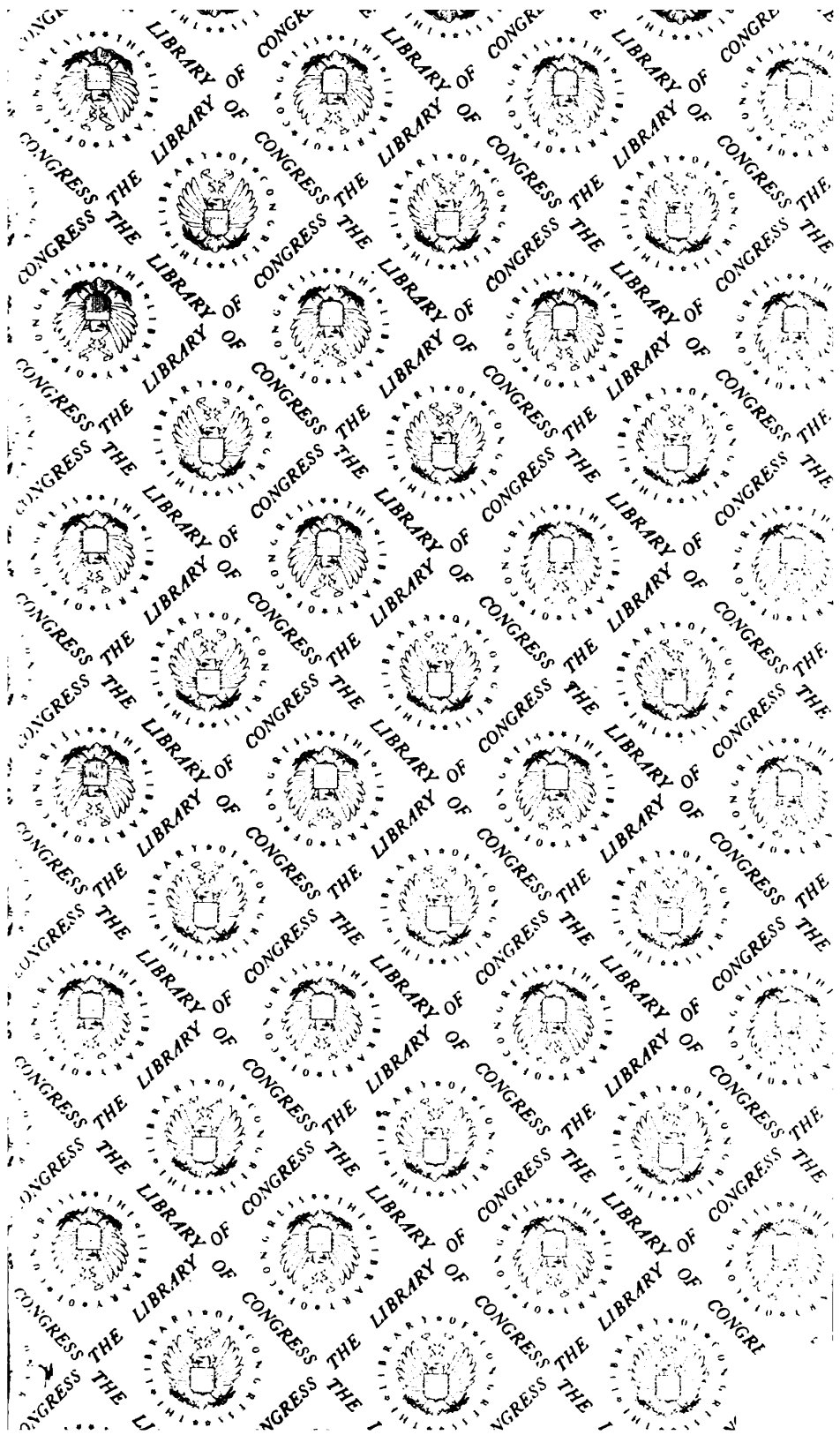
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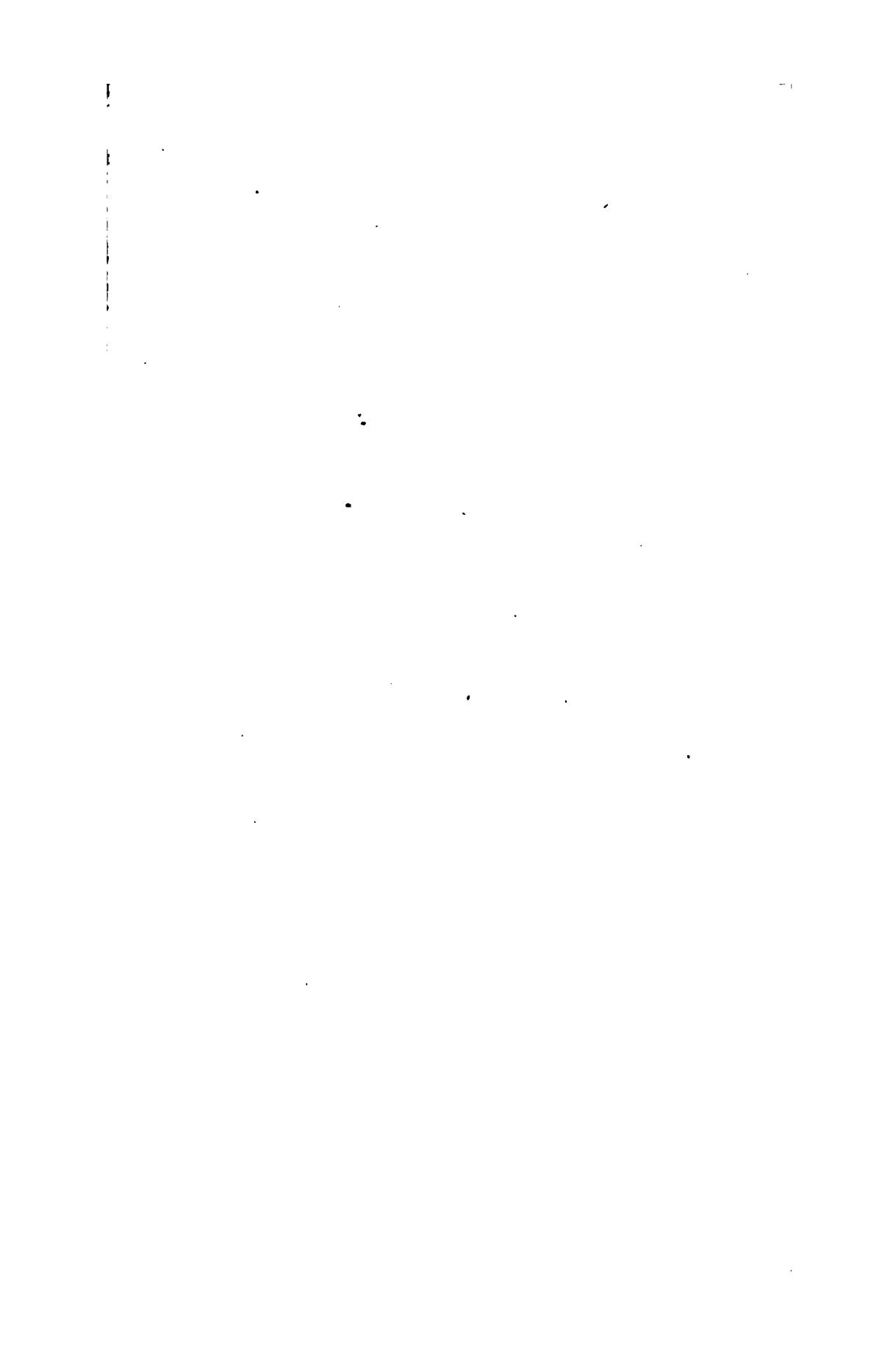
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*U.S. Senate, 14 December, 1908. 268
I.H. King
80645*

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS.

FIRST PRINT, No. 31.

FRIDAY, DECEMBER 11, 1908.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

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1907
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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

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SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
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NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
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WILLIAM K. PAYNE, *Clerk.*

II

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TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Friday, December 11, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.
The CHAIRMAN. Is Mr. Miles present?
(No response.)

STATEMENT OF MR. PETER G. JOHNSTON, OF BLACKFOOT, IDAHO.

The CHAIRMAN. You are a woolgrower, Mr. Johnston?

Mr. JOHNSTON. Yes, sir; and I represent the Wool Growers' Association of the State of Idaho.

I promised to submit a statement that would be an answer to questions detailing the actual cost of maintenance of a flock of sheep, the amount of capital invested, and the net proceeds. I submit the following:

WASHINGTON, D. C., December 9, 1908.

HON. CHAMP CLARK,
House of Representatives.

DEAR SIR: In accordance with the promise that I made you, in answer to your question for a statement of fact detailing the actual cost of maintenance on a flock of sheep, the amount of capital invested, and the net proceeds therefrom, I submit the following:

INVESTMENT.

1 band of sheep, 1,700 head, at \$3.50 each.....	\$5,950. 00
1 camp wagon and summer outfit.....	300. 00
1 pair of horses and saddle horse.....	325. 00
Investment in real estate by ownership or lease of private lands would average at least 30 cents per head on 1,700 head of sheep.....	510. 00
40 rams, at \$20 each.....	800. 00
	7,885. 00

GROSS RECEIPTS.

7 pounds of wool each from 1,700 sheep, at 17 cents per pound (500 of the 1,700 are yearlings).....	2,323. 00
Increase of 80 per cent upon 1,200 ewes would be a fair average, and would average in price, if sold as lambs, \$2.75 each.....	2,640. 00
	4,963. 00

EXPENSES.

1 herder, at \$50 per month.....	600. 00
1 camp mover, at \$40 per month.....	480. 00
Board for two men, \$50 per month.....	600. 00
Forest reserve grazing fee, 7 cents each.....	119. 00
Shearing, at 10 cents each.....	170. 00
Feeding hay during the winter, within the State of Idaho, would average 50 cents per head.....	875. 00
Dipping, at 5 cents each.....	85. 00

4435

The CHAIRMAN. Please give us some particulars about the hay, if you can, the quantity, and so forth. By the way, I have forgotten one ceremony in connection with your testimony.

(The witness was thereupon sworn by the chairman.)

I will apologize for forgetting this, but I did not remember it when you first came on the stand. It is one of the rules of the committee, and you consider your whole statement as made under oath, do you?

Mr. JOHNSTON. Yes, sir.

It would at least require an expense of 12 per cent per annum on the capital of \$7,785 invested to cover loss by predatory wild animals, unexpected snow storms, keeping the old stock good and quality of the flock, replacing those that are lost by old age or otherwise, keeping in good condition the wagons, harness, camp outfits, replacing lost horses, maintenance of shearing and dip corrals, which would amount to \$946; total expense, \$3,875.

The expense deducted from the general receipts leaves a net profit on the investment of \$783, which amounts to 10 per cent. This statement will give a fair average of wool growing conditions as they exist in the State of Idaho.

I am, respectfully,

F. G. JOHNSTON.

The CHAIRMAN. Is that all of your written statement?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Will you please let me look at it a moment?
[Witness hands the statement to the chairman.]

Mr. JOHNSTON. I promised at my previous hearing to submit this statement to Mr. Champ Clark, and thinking that I might not have an opportunity to appear before your committee, I wrote him that letter. That is the data that I have just read.

The CHAIRMAN. As to this investment in real estate by ownership or lease of private land, at 30 cents per head, you speak of 1,700 head of sheep. Is that your own flock?

Mr. JOHNSTON. No; I spoke of a condition that would obtain and that does obtain.

The CHAIRMAN. Is is just an imaginary flock of 1,700?

Mr. JOHNSTON. No; that is actual. That is about the amount permitted on a forest reserve in one flock of sheep; that is as many as they will permit to be in one flock.

The CHAIRMAN. But that is something like an average flock?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. How many acres of this land are necessary to maintain 1,700 sheep, or how many is actually used for that purpose?

Mr. JOHNSTON. That would depend upon the richness of the soil and its productive ability.

The CHAIRMAN. About how many?

Mr. JOHNSTON. Say 2½ acres each.

The CHAIRMAN. That includes enough acreage for hay?

Mr. JOHNSTON. No; hay is a crop produced, say, at an average of 4 tons per acre.

The CHAIRMAN. Alfalfa?

Mr. JOHNSTON. Alfalfa hay, yes; and I would like to speak upon the relative value of woolgrowing and farming.

The CHAIRMAN. But to return to your own flock. How many have you in your flock?

Mr. JOHNSTON. Our flocks consist of 12,000 head, but the average of each flock would be 1,700 head.

The CHAIRMAN. Taking your flock of 12,000 head, I would like to get at the concrete facts. How many acres do you own?

Mr. JOHNSTON. We own 640 acres of a ranch, upon which we produce 2,000 tons of hay.

The CHAIRMAN. Then how many acres do you own for pasture; any?

Mr. JOHNSTON. We lease from the State, at a cost of $7\frac{1}{2}$ cents per acre per year, 16,500 acres, which is used as spring and fall range. We are tenants of the Government on the forest reserve for a period of ninety days, and use an acreage of 20,000.

The CHAIRMAN. What rent do you pay for that?

Mr. JOHNSTON. Seven cents per head.

Mr. UNDERWOOD. The other was 7 cents an acre, and this is 7 cents a head?

Mr. JOHNSTON. Yes, sir; that is correct.

The CHAIRMAN. Is that all you pay for leases for your sheep, those three items?

Mr. JOHNSTON. No; we own, apart from the 16,000 acres of land leased from the State, about a thousand acres of land upon which our corrals—shearing and dipping corrals—are situated, and that, previous to the taking of the land by the State, protected the water that the flocks use.

The CHAIRMAN. Is that pasture land, or what?

Mr. JOHNSTON. Yes, sir; it is of a grazing character.

The CHAIRMAN. Do you pay the same price for that?

Mr. JOHNSTON. No; that land was acquired by taking it up by homestead, or proving up on it under the desert-entry act.

The CHAIRMAN. The company owns that?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. What was the total investment in that, including your buildings for shearing, and so forth?

Mr. JOHNSTON. About \$11,000.

The CHAIRMAN. How many men do you employ annually, on the annual roll, for the 12,000 sheep?

Mr. JOHNSTON. Fifteen.

The CHAIRMAN. What are their wages?

Mr. JOHNSTON. Fifty dollars per month for a herder and \$40 per month for camp tenders.

The CHAIRMAN. How many have you of that class?

Mr. JOHNSTON. They are all that class.

The CHAIRMAN. The fifteen. Do you board them?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. How much does it cost you for the board?

Mr. JOHNSTON. The average would be \$25 per month each.

The CHAIRMAN. For the fifteen men?

Mr. JOHNSTON. Yes, sir.

Mr. HILL. That is in addition to the \$40 that you pay?

Mr. JOHNSTON. The \$40 per month is paid to the camp movers, and \$50 per month to the herders.

The CHAIRMAN. They take care of the sheep the year around, during the winter also?

Mr. JOHNSTON. Yes.

The CHAIRMAN. Do you use this alfalfa for feeding your flock of 2,000 sheep?

Mr. JOHNSTON. Yes; and more. We, on an average, purchase even or eight hundred tons more than that.

The CHAIRMAN. How much does that cost you a ton?

Mr. JOHNSTON. Four dollars, on an average.

The CHAIRMAN. What is the expense of shearing; who does that? Do these 15 men assist in that?

Mr. JOHNSTON. No. It has been customary for many years in the West for men to—

The CHAIRMAN. But what do you do?

Mr. JOHNSTON. That custom bears upon us. We have men who make a specialty of shearing; in other words, the professional sheep shearers.

The CHAIRMAN. You use machinery, do you?

Mr. JOHNSTON. Yes; we use machinery and we own our plant.

The CHAIRMAN. What do you pay these men who shear the sheep?

Mr. JOHNSTON. We pay them 9 cents for a certain class of sheep, and twice that much for others; for example, the rams we pay two strings for one sheep.

The CHAIRMAN. How many rams in each flock?

Mr. JOHNSTON. We have about 350.

The CHAIRMAN. For which you pay 18 cents apiece for shearing?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. And the balance of the flock is 9 cents each?

Mr. JOHNSTON. Yes.

The CHAIRMAN. And you get more wool from the rams, I suppose. What was your clip of wool from the 12,000 sheep last year, the total clip?

Mr. JOHNSTON. I believe, in exact figures, it was 87,000 pounds.

The CHAIRMAN. From the whole flock?

Mr. JOHNSTON. Yes.

The CHAIRMAN. Was that a fair average?

Mr. JOHNSTON. Yes.

Mr. UNDERWOOD. What was the price you received for the wool per pound?

Mr. JOHNSTON. Fifteen cents.

The CHAIRMAN. That is a little below the average, then?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Seventeen cents, you say, is the average price for the last five years?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. That is fully up to the average?

Mr. JOHNSTON. I believe it is.

The CHAIRMAN. What was it the year before? You say it was 15 cents last year.

Mr. JOHNSTON. Twenty cents.

The CHAIRMAN. How much the year before that?

Mr. JOHNSTON. Eighteen and one-half cents.

The CHAIRMAN. How much the year before that?

Mr. JOHNSTON. About 18½ cents.

The CHAIRMAN. How much the year before that?

Mr. JOHNSTON. Well, my memory does not serve me positively, but I will say this, and it will answer the question, that beginning with 1893 wool gradually—

The CHAIRMAN. Never mind going back to 1893. What was it in 1897?

Mr. JOHNSTON. In 1897 wool gradually increased in price from 11 cents to 20 cents.

Mr. RANDELL. Why could he not state the increase from 1893 as well as from 1897?

The CHAIRMAN. He can state every year from 1897 down. I did not care to go back to 1893. I would like to have the average for the last five years if I can. Can you tell us how much it was five years ago? You have given us the other years.

Mr. JOHNSTON. My recollection is that we got 12½ cents then.

The CHAIRMAN. That was 1903?

Mr. JOHNSTON. 1893; yes.

The CHAIRMAN. In 1904, how much was it?

Mr. JOHNSTON. I believe 15 cents.

The CHAIRMAN. That was the year I was trying to get it for. I suppose you could give it each year if you referred to some memorandum?

Mr. JOHNSTON. Oh, yes.

The CHAIRMAN. I wish you would file a statement of that, commencing with 1893, and give it for each year. Do you sell to commission merchants, or who?

Mr. JOHNSTON. Yes; to commission merchants; that is, a wool buyer. The term "commission merchant" with us means one who buys wool.

The CHAIRMAN. A buyer who came out in the country to buy it?

Mr. JOHNSTON. Yes.

The CHAIRMAN. Whether a commission merchant, or a man to buy it for himself, does not make much difference. How much was the loss last year from predatory wild animals?

Mr. JOHNSTON. Well, I believe in our flock it would average from six to seven per hundred.

The CHAIRMAN. That would be 6 to 7 per cent?

Mr. JOHNSTON. Yes.

The CHAIRMAN. And did you experience any loss from snowstorms last year?

Mr. JOHNSTON. Yes.

The CHAIRMAN. How much?

Mr. JOHNSTON. About 5 per cent.

The CHAIRMAN. How much the year before?

Mr. JOHNSTON. Not any.

The CHAIRMAN. How much the year before that?

Mr. JOHNSTON. About 5 per cent.

The CHAIRMAN. How much the year before that?

Mr. JOHNSTON. I think not any.

The CHAIRMAN. Well, that goes back four years, and shows an average of 2½ per cent. How many died from old age during the last year?

Mr. JOHNSTON. Well, we select our sheep at a certain age, and endeavor to feed them.

The CHAIRMAN. That is, you endeavor not to have any die from old age?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Are you pretty successful in that?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. So that the losses from death from old age is trivial in your flock?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Now, as to the dipping; you put down 5 cents per head for that. Is that for the entire flock?

Mr. JOHNSTON. Yes; and twice a year.

The CHAIRMAN. How much did it cost you to dip the entire flock of 12,000 sheep? Did these 15 men do anything of that?

Mr. JOHNSTON. Yes; together with the additional help which is necessary.

The CHAIRMAN. Did you employ additional help last year for the dipping process?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. How many?

Mr. JOHNSTON. About seven men.

The CHAIRMAN. For how long a period, and how much did it cost?

Mr. JOHNSTON. I think it takes about five to seven days, depending on the weather, to dip the flock.

The CHAIRMAN. You say you dip twice a year?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Is that a fair average every year—five to seven days, with seven men?

Mr. JOHNSTON. Some years we only dip once per year, but recently we have been dipping twice a year to make an absolute certainty.

The CHAIRMAN. Sometimes only once a year?

Mr. JOHNSTON. But the whole State was under federal supervision, and the quarantine was raised, and we are very desirous of keeping it raised.

The CHAIRMAN. Last year you dipped twice, and the year before once?

Mr. JOHNSTON. We dipped twice the year before, too; in fact, have done so for many years.

The CHAIRMAN. In your flock?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. What other elements of expense were there that you gave? Does that cover it all? The price of the sheep and the rams would be the same in the large flocks as in the others?

Mr. JOHNSTON. No; our rams have cost us more than the average price stated there. We have used the very finest blood we could get, sometimes paying \$50 per head for them.

The CHAIRMAN. Then you get a little greater average clip of wool by reason of that?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. I have not figured up to see how much that would be.

Mr. JOHNSTON. Seven and one-quarter pounds.

The CHAIRMAN. By reason of the improved rams?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Your rams cost how much apiece?

Mr. JOHNSTON. They would average us \$30 per head.

The CHAIRMAN. And you say you had 350. The increase is 80 per cent; and you got for the lambs how much last year apiece?

Mr. JOHNSTON. Well, about \$2.60.

The CHAIRMAN. How much the year before?

Mr. JOHNSTON. Three dollars or a little better.

The CHAIRMAN. How much the year before?

Mr. JOHNSTON. About \$3.

The CHAIRMAN. How much the year before that?

Mr. JOHNSTON. Well, I should say \$2.50.

The CHAIRMAN. Now, do you sell the male lambs and keep the ewes?

Mr. JOHNSTON. Yes; we keep the ewes, or that portion of them that will maintain the flocks, to the number of 12,000.

The CHAIRMAN. Then you must sell some mutton?

Mr. JOHNSTON. We do in the Missouri River markets, or Chicago.

The CHAIRMAN. How much did you turn out in mutton last year; how many head?

Mr. JOHNSTON. I think about 3,200.

The CHAIRMAN. At what price per head?

Mr. JOHNSTON. At about \$2.60 an average per head.

The CHAIRMAN. And the year before?

Mr. JOHNSTON. I have forgotten that number, but they would average in price \$3 per head.

The CHAIRMAN. Those that you turned out in that way brought you about the same as the lambs? You stated \$2.60 last year for lambs and \$3 the year before. You turn out this mutton in addition to the lambs you turn out?

Mr. JOHNSTON. No; we sell the lamb as a lamb, and do not raise him to be a yearling.

The CHAIRMAN. And sell the other sheep for mutton?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Is that a fair average, 3,200 a year?

Mr. JOHNSTON. Well, I think it would be from our flocks; I believe it would be.

The CHAIRMAN. I think I have covered every item here in the expense, according to your statement, for this flock of 12,000 belonging to you. Is there anything that I have omitted?

Mr. JOHNSTON. No; I think not.

Mr. CLARK. I think you have forgotten about all of it. Now, I take it that you are trying to testify fairly and truthfully, and I want to ask you two or three questions about the business. In your estimate of expense, you put it as high as you could conscientiously, did you not?

Mr. JOHNSTON. In conjunction with that, if I answer yes, I will also say, that the average expense given there is not so much as the expense that we are put to on our particular flock of sheep, but it was my desire not to mislead you gentlemen.

Mr. CLARK. Oh, I understand that.

Mr. JOHNSTON. And to make a statement that would bear the most thorough scrutiny.

Mr. CLARK. What part of Idaho is your ranch in?

Mr. JOHNSTON. Blackfoot, Idaho; the southeastern part.

Mr. CLARK. There is not any reason, Mr. Johnston, why the sheep business in Utah should not be practically on all fours, as we say here, with the sheep business in Idaho, is there? It is almost the same kind of a country, excepting as to the northern neck of Idaho?

Mr. JOHNSTON. No; there is considerable difference. The sheep business of Utah is conducted on a range plan; they have a winter range, to which they go.

Mr. CLARK. Then it ought to be cheaper to raise sheep in Utah than in Idaho?

Mr. JOHNSTON. So far as the actual expense is concerned it would be, but the consequent loss through being removed from feed is greater.

Mr. CLARK. Now, to get right down to the truth about it, the reason I asked you that question is that I want to congratulate you on putting your loss at something reasonable, 12 per cent. It may be a little under that, or a little above it, but there was a man in here from Utah who made the statement that the loss, one year with another, would be 35 per cent of their sheep, by snowstorms, and so on. I did not believe that, and do not believe it now. You put it at 12 per cent.

Now, since you have got to raising wool out there, and really take care of your sheep as you are doing now, there is not so much loss in the sheep business; there is not much more loss in the flocks than there would be in Ohio, Indiana, Illinois, or Missouri, is there; barring the predatory animals, some of which we find in our States occasionally?

Mr. JOHNSTON. No; I think not, Mr. Clark. I believe we have thoroughly gone into the question of the preservation of the lives of the sheep at any cost, and that our loss would not exceed that of Ohio.

Mr. CLARK. The sheep business in your whole country, under the leadership of such men as you, is conducted more carefully than it was ten, fifteen, or twenty years ago; that is, you have no such losses as then?

Mr. JOHNSTON. No. We have eliminated the circumstance, the opportunity, of going out with large flocks, because the public range is fast disappearing from settlement.

Mr. CLARK. And you have reduced the losses in the flocks to almost a minimum by taking care of them in the winter by feeding them?

Mr. JOHNSTON. I hope you will not lose sight of the fact that in reducing the loss the expense has been materially increased.

Mr. CLARK. No; I understand that, and it is perfectly reasonable. How long have you been in the sheep business yourself?

Mr. JOHNSTON. Twenty-one years.

Mr. CLARK. In that twenty-one years the size of a sheep in Idaho has been increased one-half, hasn't it?

Mr. JOHNSTON. No.

Mr. CLARK. Would not you think that the average sheep is one-half bigger than it was twenty years ago?

Mr. JOHNSTON. No; twenty years ago our sheep would average in weight on the Chicago market about 63 pounds, and last year and the year before, and, in fact, for the last five years, the average would be 68 pounds.

Mr. CLARK. That is, you have been able to increase it?

Mr. JOHNSTON. Somewhat.

Mr. CLARK. How much does a Shropshire down ram weigh, or do you have any of them?

Mr. JOHNSTON. No; because of the very light fleece that he produces he is not a favorite. We take a Rambouillet and the Cotswold and make a cross, and in making a cross other things besides mutton

must be taken into consideration. We can not increase the weight to the amount you suggest without losing the value of the fleece.

Mr. CLARK. By the way, there is one curious thing about this sheep business out there that I do not understand. What do the shearers do when they are not shearing sheep? They make a princely revenue, it seems, while they are at it.

Mr. JOHNSTON. I am afraid that if I were to give the evidence accurately it would not reflect very creditably on some of those shearers. [Laughter.]

Mr. CLARK. Their season is comparatively short, isn't it?

Mr. JOHNSTON. No; they travel over all of those northwestern States. As I said before in my evidence, they are professional sheep shearers. They begin down in the valleys in Oregon, where they shear twice a year, and they succeed in finding work pretty much the year around.

Mr. CLARK. Then you only shear your sheep in Idaho once a year?

Mr. JOHNSTON. Only once.

Mr. CLARK. Down in New Mexico and Arizona they shear them twice a year, and in southern Colorado and southern Utah also, do they not?

Mr. JOHNSTON. Well, I think not; not in Utah.

Now, Mr. Chairman, I would like to make a little statement concerning this business and its relation to agriculture. One of the prime factors in a successful farm product in the State of Idaho is that of alfalfa. It has a value of \$4 per ton, and we get 4 tons per acre. But it also has the value of being one of the most remarkable fertilizers that has ever been discovered. The planting of it, the fact that its roots go down through the ground very deep, fertilizes the soil wonderfully, and has enabled us to produce our sugar beets to the extent of 18 tons per acre, whereas without this treatment we can not get more than 11 tons. But it is necessary to use that alfalfa, and to find a market for it; and 65 per cent of the alfalfa produced on farms of Idaho finds its market in feeding sheep for the winter. I want to make an impression upon that, because it is true that sheep husbandry and farming are correlated, go hand in hand together; and in many instances in our valleys, surrounded as they are by some 18,000,000 acres of high lands, at an altitude of from 7,000 to 11,000 feet above the sea level, upon which only sheep can be grazed successfully, that we must find an outlet for the alfalfa that we necessarily have to produce to enrich our lands; and we find that outlet in the feeding of sheep. The sheep business throughout the agricultural portion of the State of Idaho is one upon which it is largely depending for success.

I thank you, Mr. Chairman.

The CHAIRMAN. Right there, can you use alfalfa for pasture?

Mr. JOHNSTON. Yes; but not very successfully. It has the habit of bloating our stock. We do use it, but not very successfully.

Mr. HILL. You cure it into hay?

Mr. JOHNSTON. Yes, sir.

Mr. UNDERWOOD. You can pasture horses and hogs on it, but not cattle and sheep?

Mr. JOHNSTON. That is right. We do not lose the horses, and hogs do fairly well on it.

Mr. RANDELL. Do you raise any goats in that country?

Mr. JOHNSTON. No.

Mr. RANDELL. Angora goats?

Mr. JOHNSTON. No; we have but very few.

STATEMENT OF MR. SOLOMON LUNA, OF ALBUQUERQUE, N. MEX.

(The witness was sworn by the chairman.)

Mr. LUNA. What we want in New Mexico right now is to be let alone. We claim that the price of wool as it stands to-day only makes a profitable interest upon our investment. The expense of running sheep has increased in the last eight or ten years so that it almost absorbs the tariff of 11 cents a pound on our price of wool.

The CHAIRMAN. Mr. Luna, how many sheep have you in your flock?

Mr. LUNA. I run 60,000 head.

The CHAIRMAN. Do you lease or own land?

Mr. LUNA. I own part of the land and lease lands from the Territory and from the forest reserves.

The CHAIRMAN. How much do you lease from the forest reserves; how many acres?

Mr. LUNA. We pay so much a head there.

The CHAIRMAN. What do you pay a head?

Mr. LUNA. Seven cents for five months.

The CHAIRMAN. In leasing from the Territory, how much do you pay?

Mr. LUNA. We pay from 3 to 5 cents per acre. We also lease the parado lands.

The CHAIRMAN. How much does it require to maintain the sheep for pasturage?

Mr. LUNA. Part of the year we run on leased lands and part of the year on government lands. We have what we call our spring range, our fall range, and summer range. On the summer range we raise a little reserve.

The CHAIRMAN. Do you pay the Government 7 cents apiece for the 12,000 sheep?

Mr. LUNA. We pay 7 cents a head for 20,000 sheep. That is all they will allow on the reserve.

The CHAIRMAN. How many acres of land do you rent from the territory?

Mr. LUNA. About 25,000 acres.

The CHAIRMAN. And how much do you pay?

Mr. LUNA. I pay from 3 to 5 cents per acre.

The CHAIRMAN. How much of it at 3 cents?

Mr. LUNA. I think there are about 15,000 acres at 3 cents, and the balance at 5 cents.

The CHAIRMAN. Now, that provides land. How many men do you employ to take care of your flock?

Mr. LUNA. I use two men to the herd—about 70 men.

The CHAIRMAN. What do you pay them?

Mr. LUNA. The year round, except in the lambing season, we pay one class \$25 and the other \$20.

The CHAIRMAN. How many in the class of \$25?

Mr. LUNA. Thirty.

The CHAIRMAN. And the other 40 at \$20?

Mr. LUNA. No; 30 at \$25, 30 at \$20, and the other 10 get from \$40 to \$50.

Mr. HILL. Do the 70 men cover the 60,000 sheep, or only the 20,000 flock?

Mr. LUNA. The 60,000.

The CHAIRMAN. You say you have some extra help?

Mr. LUNA. We have extra help during the lambing season.

The CHAIRMAN. How many?

Mr. LUNA. About 210.

The CHAIRMAN. How long does that employment last?

Mr. LUNA. Forty-five days.

The CHAIRMAN. How much do you pay them?

Mr. LUNA. Twenty dollars per month.

The CHAIRMAN. Do you board those men?

Mr. LUNA. And board; yes, sir.

The CHAIRMAN. How much does it cost you to board the men?

Mr. LUNA. About \$20 per month.

The CHAIRMAN. Do you employ men especially to shear sheep?

Mr. LUNA. Yes, sir.

The CHAIRMAN. What do you pay a head for shearing?

Mr. LUNA. Three cents and board them.

The CHAIRMAN. And it costs the same for their board as the others?

Mr. LUNA. About the same.

The CHAIRMAN. How many months does the shearing operation last?

Mr. LUNA. I generally aim to get through in a month—thirty days.

The CHAIRMAN. How many men do you employ for shearing?

Mr. LUNA. About 30.

The CHAIRMAN. How often do you dip the sheep?

Mr. LUNA. We dip twice a year.

The CHAIRMAN. Do you employ extra help for that?

Mr. LUNA. Yes, sir; we employ about eight extra men for the dipping plant.

The CHAIRMAN. How long does the dipping season last?

Mr. LUNA. Generally we dip in eight days for the first dipping and about eight days for the second dipping.

The CHAIRMAN. What do you pay these extra men?

Mr. LUNA. About \$20 a month.

The CHAIRMAN. What does material for dipping cost?

Mr. LUNA. If you dip with lime and sulphur, the cost is about 2½ cents per head. With tobacco, about 3 cents per head.

The CHAIRMAN. Sometimes one and sometimes the other.

Mr. LUNA. Yes. I use tobacco, the black leaf, entirely.

The CHAIRMAN. What percentage of loss do you have from storms?

Mr. LUNA. Well, it varies. Some years we have very heavy losses and other years light losses.

The CHAIRMAN. What is the average for the last five years?

Mr. LUNA. Since 1903—in 1903 our losses were heavy; we had a drouth.

The CHAIRMAN. How heavy?

Mr. LUNA. I suppose the average in the Territory would be about 30 per cent.

The CHAIRMAN. What was your average in your flock?

Mr. LUNA. In 1903 our loss was about 30 per cent.

The CHAIRMAN. The next year how much?

Mr. LUNA. 1904 we did not exceed 5 per cent.

The CHAIRMAN. And in 1905?

Mr. LUNA. 1905 was a fairly good year, I think; about 15 per cent.

The CHAIRMAN. 1906?

Mr. LUNA. 1906 was an average year, about 15 per cent.

The CHAIRMAN. How about 1907?

Mr. LUNA. 1907 was about the same.

The CHAIRMAN. Do you lose any sheep from predatory animals?

Mr. LUNA. Yes, sir.

The CHAIRMAN. Did you count that in or not?

Mr. LUNA. I did not count that in the losses on account of weather. That runs uniform every year.

The CHAIRMAN. How many do you lose from that cause?

Mr. LUNA. We lose from 2 to 3 per cent by wild animals.

The CHAIRMAN. On an average?

Mr. LUNA. Yes, sir.

The CHAIRMAN. How much was your clip of wool last year from the entire flock?

Mr. LUNA. 1908—this spring, do you mean?

The CHAIRMAN. This year; yes.

Mr. LUNA. Three hundred and sixty thousand pounds.

The CHAIRMAN. What was it last year?

Mr. LUNA. Last year it was about 310,000 pounds.

The CHAIRMAN. The year before that?

Mr. LUNA. The year before that I did not have as many sheep. Were you referring to the same number of sheep?

The CHAIRMAN. You have had 60,000 sheep during the last two years?

Mr. LUNA. Yes, sir.

The CHAIRMAN. What price did you get for your wool this year?

Mr. LUNA. This year—part of this is not sold yet; it is in Boston.

The CHAIRMAN. What price did you get last year?

Mr. LUNA. Last year netted me about 12½ cents.

The CHAIRMAN. And the year before?

Mr. LUNA. That would be 1906. We got about 13 cents.

The CHAIRMAN. 1905?

Mr. LUNA. In 1905 my wool was shipped to Boston also, and it netted me a little over 11 cents.

The CHAIRMAN. In 1904.

Mr. LUNA. I would not be sure about 1904.

The CHAIRMAN. You do not remember about that?

Mr. LUNA. Not about 1904; I would not be sure of the price.

The CHAIRMAN. Do you have two clips a year?

Mr. LUNA. I only shear once.

The CHAIRMAN. Do others in New Mexico have two clips?

Mr. LUNA. Very few. The number that shear twice a year is not over 10 per cent.

The CHAIRMAN. I suppose you sell lambs to some extent?

Mr. LUNA. I sell my wether lambs as a rule; yes, sir.

The CHAIRMAN. What proportion of your flock do you sell? What is the sale per year of lambs?

Mr. LUNA. How many head?

The CHAIRMAN. Yes.

Mr. LUNA. Last year I only sold 5,000 head, in 1907.

The CHAIRMAN. The year before that?

Mr. LUNA. In 1906 I sold 16,000 head.

The CHAIRMAN. That was a more prosperous year for the lamb business?

Mr. LUNA. Of course last year was, on account of the panic.

The CHAIRMAN. You could not sell them; you had to keep them over?

Mr. LUNA. We had to hold them over; yes, sir.

The CHAIRMAN. I see. What was the average sale of lambs per year before the panic?

Mr. LUNA. In the last two years I have had more sheep than I did before, and of course my lamb crop was larger last year and this year than it was before.

The CHAIRMAN. You increased your flock?

Mr. LUNA. Yes, sir.

The CHAIRMAN. Do you turn out much mutton?

Mr. LUNA. No, sir; we sell to the feeders. We sell to Colorado and Kansas feeders. Our stock does not get fat enough to go to the market.

The CHAIRMAN. What do you get for lambs?

Mr. LUNA. We get all the way from $3\frac{1}{2}$ to $4\frac{1}{2}$ cents per pound.

The CHAIRMAN. What are the average weights?

Mr. LUNA. The average weight is from 50 to 60 pounds.

The CHAIRMAN. You sell some sheep?

Mr. LUNA. Yes, sir; they average about \$2 per head.

The CHAIRMAN. How many did you sell two years ago?

Mr. LUNA. Two years ago I sold 16,000 head.

The CHAIRMAN. What did you get for them?

Mr. LUNA. I got on an average \$2.75 per head.

The CHAIRMAN. That is all.

Mr. CLARK. That was all clear profit, was it not?

Mr. LUNA. Sir?

Mr. CLARK. That, at least, was clear profit on your flock of that year, was it not?

Mr. LUNA. No, sir; it was not.

Mr. CLARK. Did not the wool and the sheep that you kept more than pay all expenses and leave you that lamb crop free?

Mr. LUNA. The wool and the sheep that were sold about paid expenses, and my profit was the ewe lambs that I kept.

Mr. CLARK. How many ewe lambs did you keep?

Mr. LUNA. I kept about 40 per cent.

Mr. CLARK. Forty per cent of what?

Mr. LUNA. Of the lambs that I raised.

Mr. CLARK. You get rid of the wethers just as soon as they are marketable, do you not?

Mr. LUNA. We get rid of our wether lambs as lambs. We sell them as lambs. We do not hold them over.

Mr. CLARK. That is what I thought.

Mr. LUNA. Yes, sir.

Mr. CLARK. Forty per cent of ewes; they would be worth as much as wethers you sold, or rams, whichever way you did sell them?

Mr. LUNA. Yes, sir.

Mr. CLARK. How many would 40 per cent make?

Mr. LUNA. On what number?

Mr. CLARK. On the number that you had.

Mr. LUNA. You see, out of my 60,000 head I sold 30,000 of bearing of ewes.

Mr. CLARK. They had 30,000 lambs?

Mr. LUNA. No, sir.

Mr. CLARK. Do not the sheep down there double, ewe for ewe, in a year?

Mr. LUNA. No, sir; they do not. We are very lucky if we get 65 per cent.

Mr. CLARK. Now, as a matter of fact, do you not get 80 per cent?

Mr. LUNA. No, sir; we do not.

Mr. CLARK. How many ewes did you have then?

Mr. LUNA. I had then 32,000 head.

Mr. CLARK. That would be 12,000 ewe lambs that you kept, would it not?

Mr. LUNA. No, sir; I did not keep all my ewe lambs. With my wether lambs I sell the ewe lambs that are not of good quality.

Mr. CLARK. You did keep 40 per cent of the lambs?

Mr. LUNA. Yes, sir.

Mr. CLARK. Ewe lambs; that would be \$12,000?

Mr. LUNA. No, sir; it would not, because I did not raise 100 per cent. I think I raised that year 70 per cent.

Mr. CLARK. How many lambs did you raise?

Mr. LUNA. Lambs; in what year?

Mr. CLARK. Any year. I do not care; last year or this year.

Mr. LUNA. It differs.

Mr. CLARK. Take this year.

Mr. LUNA. This year I had 22,000 lambs.

Mr. CLARK. You kept 40 per cent of them, did you not?

Mr. LUNA. Not this year; no, sir.

Mr. CLARK. That is what I understood you to say.

Mr. LUNA. No, sir.

Mr. CLARK. How many did you keep?

Mr. LUNA. I have kept this year 8,000 head.

Mr. CLARK. They are worth \$3 apiece?

Mr. LUNA. No; they are not. Our sheep are not worth that much.

Mr. CLARK. You just testified you got \$2.75 or \$3.

Mr. LUNA. \$2.75 for our lambs; yes, sir.

Mr. CLARK. And your lamb is worth as much as a buck lamb?

Mr. LUNA. No, sir; they are not.

Mr. CLARK. As much as a wether?

Mr. LUNA. No, sir; not to hold over.

Mr. CLARK. How much are they worth?

Mr. LUNA. They are worth \$2.50 a head, I would consider them.

Mr. CLARK. How much?

Mr. LUNA. \$2.50.

Mr. CLARK. Two and a half times 8 would be 20, would it not?

Mr. LUNA. Yes, sir.

Mr. CLARK. There is \$20,000, anyway, that you got?

Mr. LUNA. Yes, sir.

Mr. CLARK. How much more profit did you make one way and another?

Mr. LUNA. I did not make any more profit; I do not think you could figure that as a clear profit.

Mr. CLARK. If you can not figure that as a clear profit, I do not understand what a clear profit would be.

Mr. LUNA. Our expenses of running sheep in New Mexico to-day are larger and we do not get as big a percentage as they do in other countries.

Mr. CLARK. As big a percentage of what?

Mr. LUNA. Of lambs.

Mr. CLARK. Is not New Mexico the best sheep country in the United States?

Mr. LUNA. It may be.

Mr. CLARK. Now, Mr. Payne, the chairman, said awhile ago that maybe if he wanted to go into the sheep business, and he went out into New Mexico to go into that business, everyone in New Mexico would explain to him that New Mexico was the very paradise for sheep.

Mr. LUNA. Yes; those who wanted to sell to him. I have seen many big companies start up in the sheep business in New Mexico, but I never saw one that was a success yet.

Mr. CLARK. What part of New Mexico do you range?

Mr. LUNA. The western part of Socorro County.

Mr. CLARK. You do not have any snowstorms down there, do you?

Mr. LUNA. No; only one year I lost 18,000 head from a snowstorm.

Mr. CLARK. In the snow?

Mr. LUNA. Yes, sir.

Mr. CLARK. Is it up in the mountains?

Mr. LUNA. That was in the winter of 1899, in the months of December and January, I lost 18,000 head out of 40,000, which is almost 50 per cent.

Mr. CLARK. Is your ranch in the mountains?

Mr. LUNA. Yes, sir; most of my range is mountain range.

Mr. CLARK. Do you not take your sheep down in the valleys in the winter?

Mr. LUNA. We do.

Mr. CLARK. There is not any snow in the valleys, is there?

Mr. LUNA. We can not get enough valleys; they are all filled up.

Mr. CLARK. Is there a feud going on out there like there used to be between the cattle kings and the sheep kings?

Mr. LUNA. No, sir; there is no feud at all between cattlemen and the sheepmen there. As a matter of fact, there are no sheep kings or cattle kings.

Mr. CLARK. Are you not one of the sheep kings, yourself?

Mr. LUNA. No, sir.

Mr. CLARK. I thought we had a real king here. [Laughter.] What kind of sheep do you raise out there, small sheep or big sheep?

Mr. LUNA. We raise a fair-sized sheep, and our wool is what you would call "clothing" wool. We can not raise very fine sheep on our prairies on account of our climatic conditions.

Mr. CLARK. That is what I wanted to get at. You can not raise any such big sheep as we raise in Missouri, Illinois, or Iowa?

Mr. LUNA. As to size, I think we raise as big sheep, but not as to wool.

Mr. CLARK. I am talking about the size of the sheep now.

Mr. LUNA. The sizes of the sheep now are pretty well improved. We started with the Mexican sheep, which were small sheep, and began to improve by using Shropshire rams, which we got from Vermont and other places, and used some Rambouillet and Merinos, until now we have our sheep to a pretty good size.

Mr. CLARK. But for mutton purposes, the bigger the sheep the more the profit?

Mr. LUNA. Yes, sir.

Mr. CLARK. But you do not pretend to feed?

Mr. LUNA. We can not send anything to the markets; we sell to the feeders. The Colorado and Kansas feeders come there and get our sheep and put them in big lots and send them to the markets.

Mr. CLARK. Yes; thousands of them have been brought to my district.

Mr. BONYNGE. In addition to the land you lease from the Territory and that which you pay the Government for in the forest reserve, have you any land that you own?

Mr. LUNA. Yes, sir.

Mr. BONYNGE. How much land do you own?

Mr. LUNA. I own about 12,000 acres.

Mr. BONYNGE. Do you use that for the flock?

Mr. LUNA. Yes, sir.

Mr. BONYNGE. Do you lease any other lands from individuals, too?

Mr. LUNA. Yes, sir.

Mr. BONYNGE. How much land do you lease from individuals?

Mr. LUNA. I lease six different ranches. Might I explain right there that we have some government land in our Territory?

Mr. BONYNGE. You have what?

Mr. LUNA. A good deal of government land. We own the water; that is, we buy water, develop water by drilling and putting up windmills, and we own, say, 80 acres of land where our windmill stands, and the balance of it, for a mile or two, would be government land, which we have the use of free. We do not pay anything for that land.

Mr. BONYNGE. That is the grazing land outside of the reserves?

Mr. LUNA. The grazing land outside of the reserves, or outside of the territorial lands. A good deal of the land we use is government land, which we have nothing to pay for.

Mr. BONYNGE. You put down wells?

Mr. LUNA. Yes, sir.

Mr. BONYNGE. What does it cost you to put down a well?

Mr. LUNA. It costs about \$2,000 to fit up a ranch with a windmill.

Mr. BONYNGE. How many wells have you put down for your flock of 60,000?

Mr. LUNA. I have 13 wells, besides some natural streams.

Mr. BONYNGE. You put down 13 wells for the use of this flock of 60,000?

Mr. LUNA. Yes, sir.

Mr. BONYNGE. At an average cost of \$2,000 a well?

Mr. LUNA. Yes, sir.

Mr. BONYNGE. That represents an investment for that purpose of \$26,000?

Mr. LUNA. Of \$26,000.

Mr. BONYNGE. That ought to be taken into consideration in figuring the amount of money invested and the cost of making this flock, ought it not, the interest on that investment?

Mr. LUNA. Surely, sir.

Mr. BONYNGE. How many acres of land does it take in New Mexico to support one head of sheep?

Mr. LUNA. It is hard to figure.

Mr. BONYNGE. It varies, of course, in different parts of the Territory, but how much do you figure, generally speaking, it takes to support a head of sheep?

Mr. LUNA. I would not undertake to run a sheep for less than 10 acres to the head.

Mr. HILL. Mr. Luna, were you in the sheep business in 1893 and 1894?

Mr. LUNA. Yes, sir; I have been in the sheep business for thirty years.

Mr. HILL. What did you get for wool under free wool?

Mr. LUNA. From $4\frac{1}{2}$ to 5 cents.

Mr. HILL. Four and one-half to 5 cents?

Mr. LUNA. Yes, sir.

Mr. HILL. You are the largest sheep raiser in New Mexico, are you not?

Mr. LUNA. Individually. I think so; yes, sir.

Mr. HILL. You have more sheep than any other one man?

Mr. LUNA. Yes, sir.

Mr. HILL. Are you engaged in any other farming, or simply and purely sheep raising?

Mr. LUNA. I have some farming lands, of course.

Mr. HILL. I mean, you use those to feed sheep?

Mr. LUNA. No, sir; we do not feed sheep in our territory.

Mr. HILL. Then in this investment that you speak of, there are other receipts from it besides the receipts you get from the sheep?

Mr. LUNA. No, sir; not on this land.

Mr. HILL. Then what do you use the farming land for?

Mr. LUNA. My farming land is separate from this.

Mr. HILL. You have not included it?

Mr. LUNA. No, sir.

Mr. HILL. You got $4\frac{1}{2}$ to 5 cents a pound for wool under free wool?

Mr. LUNA. Yes, sir.

Mr. HILL. The opening remark that you made when you took the stand was that the expense had absorbed the tariff. What did you mean by that?

Mr. LUNA. At that time we used to pay our herders \$12 to \$15 per month. We had free range.

Mr. HILL. What do you pay them now?

Mr. LUNA. \$20 to \$25.

Mr. HILL. What is the cause of that advance, the increase of population?

Mr. LUNA. The increase of population and other interests are coming in there. We can get work at better prices.

Mr. HILL. That is a permanent situation that is bound to continue or increase, is it not?

Mr. LUNA. That is bound to increase, sir.

Mr. HILL. What other expenses have increased?

Mr. LUNA. At that time we did not have any forest reserve fees to pay.

Mr. HILL. In other words, you had free grazing.

Mr. LUNA. We had free grazing, we had no lands to lease, everything was government land then.

Mr. HILL. The government land is decreasing in value now, is it not?

Mr. LUNA. Yes, sir.

Mr. HILL. Is much of it being irrigated?

Mr. LUNA. No, sir; there is not much being irrigated out there in the sheep-raising districts. There is some picked up and used for experimental and dry farming.

The CHAIRMAN. What do you mean, the forest reserves are decreasing?

Mr. LUNA. No, sir; before those forest reserves were established we used to have free range. It was government land, and we paid nothing for it.

Mr. BONYNGE. You mean that the land that is now in forest reserves was open to you for free grazing?

Mr. LUNA. Open to stock men for sheep and cattle.

Mr. HILL. And now you pay how much to the Government?

Mr. LUNA. Seven cents per head.

Mr. HILL. What other expenses have increased?

Mr. LUNA. The running of the flocks. At that time we used to run large flocks, say 2 men could run from 3,500 to 4,000 head. To-day 2 men can only run 2,000 head.

Mr. HILL. So that where you got $4\frac{1}{2}$ to 5 cents for your wool under free wool, you are now only getting 1 cent?

Mr. LUNA. Yes, sir.

Mr. HILL. Aside from the tariff?

Mr. LUNA. Yes, sir.

Mr. HILL. What is the prospect that awaits you if these expenses are going to continually increase? If you have entirely absorbed the tariff, as you apparently have, according to your statement, and got it down to 1 cent, the tariff is 11 cents, and the product of your wool is 12 cents, it looks to me as though you were looking into a dark spot in the future unless the tariff is increased.

Mr. LUNA. That is what we came down here for. We would like to have it increased, but we know we can not get it, so we are not asking for it. But the business will be reasonably profitable on 11 cents a pound if the price of mutton stays up.

Mr. CLARK. The price of mutton is likely to go up instead of staying up, is it not?

Mr. LUNA. It may go up for some years and down others.

Mr. HILL. Let us see how you come to that conclusion. You say there is a reasonable profit, and yet you state that the average for the last three years of your proceeds of wool is 12 cents a pound?

Mr. LUNA. Yes, sir.

Mr. HILL. On which there is a tariff of 11 cents a pound?

Mr. LUNA. Yes, sir.

Mr. HILL. And under free wool you got from $4\frac{1}{2}$ to 5 cents a pound, whereas now you are only getting 1 cent a pound as compared to free wool at $4\frac{1}{2}$ to 5 cents a pound.

Mr. CALDERHEAD. He is considering the mutton.

Mr. LUNA. I was, of course, figuring the mutton there as a profit.

Mr. HILL. One cent over and above the profit?

Mr. LUNA. I was considering, of course, the mutton for a profit.

Mr. HILL. You did not figure the mutton in the $4\frac{1}{2}$ to 5 cents a pound under free wool. I am talking about the price you got for wool under free trade, the price that you get for wool under an 11-cent tariff. According to your own statement you got $4\frac{1}{2}$ to 5 cents a pound without reference to the tariff, and now you get 1 cent a pound over and above the tariff.

Mr. LUNA. All of those years that the tariff was taken off wool I mean we lost money. We did not make any money in the business. Of course the mutton then was not worth as much as it is now. Now, I claim that we need a protection of at least 11 cents on our wool. Our sheep only average, say, from 5 to 6 pounds per head. We raise the clothing wool. We do not raise any fine wools in the Territory. It takes that and the wether lambs that we sell to pay expenses, and we have as a profit the ewe lambs, the increase every year of ewe lambs, less the losses of the original stock, figuring the percentage of value of your original stock.

Mr. HILL. Mr. Luna, the figures are absolutely demonstrative, it seems to me, if your statement is correct that the expenses have absorbed the tariff, that you are making less money under an 11-cent duty, taken up by the expenses, than you were making under free wool with the price at 5 cents.

Mr. FORDNEY. Mr. Luna, in your statement that the difference in the increase of cost has nearly absorbed the 11 cents you have taken no account of the increase in value for mutton?

Mr. LUNA. No, sir.

Mr. FORDNEY. The gentleman does not figure that in at all.

Mr. HILL. He did not figure it in in 1894.

Mr. FORDNEY. There was not anything to figure in 1894. It cost you just as much to herd a sheep then, when you got \$1 a head for it, as it costs you now, putting the expense on the wool, so figure a sheep that is worth twice as much—

Mr. LUNA. Yes, sir.

Mr. FORDNEY (continuing). If you did not put any of that expense on mutton, so the increase of your profit has been in the increase of the value of your mutton and not the wool, but in your figures you have given the cost of it upon the price of wool. Is that not it?

Mr. LUNA. Yes, sir.

Mr. FORDNEY. When you say it absorbs the tariff?

Mr. LUNA. I have made an estimate of what it cost to run 2,000 sheep; that is, a flock, which I would like to submit, and that shows it up in better light.

Mr. GAINES. Does that mean what it would cost to run 2,000 sheep as a part of the larger flock, or a man who has a flock of 2,000 sheep?

Mr. LUNA. That is a flock of 2,000 sheep, where the man has only one flock of 2,000 sheep. Of course, if you have more than one flock, you have got to run them in flocks of 2,000 so that you can figure the expense, whether you have 1 herd or 50 herds of 2,000 each.

Mr. GAINES. I did not know whether there was any greater economy for 2,000 than if a man had a larger number of sheep.

Mr. LUNA. It is greater economy for a small man. A small man with 2,000 sheep can make more money than a big man with, say, 10 herds of 2,000 sheep each.

Mr. GAINES. That is, of course, you mean he would make more money on 2,000 than the other men can make on their 2,000?

Mr. LUNA. In other words, the experience in the Territory has been that the small men are the ones who have made money out of sheep; that is, they have made a very good living.

Mr. GAINES. I would suppose it would be the other way.

Mr. LUNA. No, sir.

The CHAIRMAN. Do you keep books in your business?

Mr. LUNA. Yes, sir.

The CHAIRMAN. Accurate books, I suppose?

Mr. LUNA. Yes, sir.

The CHAIRMAN. And make out a balance sheet of each year?

Mr. LUNA. Yes, sir.

The CHAIRMAN. Will you furnish this committee with the balance sheets, or copies of the balance sheets, for the last five years, each year?

Mr. LUNA. I can as soon as I get home. I have not my books here.

The CHAIRMAN. When you get home make them out and make your affidavit to them as a correct copy, and send them to the clerk of the committee. Will you do that?

Mr. LUNA. Yes, sir.

Mr. CLARK. Now, Mr. Luna, there is a great mystery about your answer to Mr. Gaines over there. Of course, you have 2,000 as a unit. Nobody keeps 60,000 sheep in one flock. They would all die, would they not?

Mr. LUNA. No, sir. I keep all my sheep in 2,000 herds.

Mr. CLARK. That is what I understood. That comes to be considered as about the healthy unit?

Mr. LUNA. Yes, sir.

Mr. CLARK. Now, do you undertake to say that a man with 2,000 sheep will make more in proportion than a man with 60,000 sheep?

Mr. LUNA. Yes, sir.

Mr. CLARK. Do you not buy all of your supplies, and everything of the kind, by wholesale, and get them cheaper than this fellow with the 2,000 sheep?

Mr. LUNA. No, sir; I do not think I get them very much cheaper, but I can show you where he saves—where there is leakage in my big business that is not in his.

Mr. CLARK. I would like to hear that.

Mr. LUNA. A man with 2,000 sheep will live on a ranch.

Mr. CLARK. Yes.

Mr. LUNA. He himself, or a member of his family, takes care of the ranch, of his windmills and his water tanks, whatever it is. I have to have an extra man for that purpose.

Mr. CLARK. I know, but you do not have to have any more men to take care of 2,000 sheep—

Mr. LUNA. No, sir.

Mr. CLARK. Wait a minute. You do not have to have any more men to take care of 2,000 sheep than John Jones, living over there, who only has 2,000 sheep?

Mr. LUNA. No, sir. I do not have to have any more men to run those 2,000 sheep, but I have extra expense which he has not got.

Mr. CLARK. How does that come?

Mr. LUNA. He lives at his ranch, and I do not; I have to have a man there.

Mr. CLARK. He does his work and you hire yours done?

Mr. LUNA. He does his work around the ranch; yes.

Mr. CLARK. He ought to have credit for what work he does?

Mr. LUNA. Sure.

Mr. CLARK. If he does as much work as this fellow that you hire to do the work, it is costing him as much as it costs you. I want to ask you this question: Is it not generally taken and accepted among sheepmen that the entire lamb crop is clear velvet, profit?

Mr. LUNA. No, sir; it is not. I do not believe you can get a single man in the Territory of New Mexico to testify to that, sir.

Mr. CLARK. May I inquire where you live?

Mr. LUNA. In Albuquerque part of my time, and part of my time in Las Lunas.

Mr. CLARK. You live in the city?

Mr. LUNA. Yes, sir.

Mr. CLARK. That makes your full cost of living more than that of this fellow who has 2,000 head. You count in your living in Albuquerque, do you not?

Mr. LUNA. I have other business besides my sheep business.

Mr. CLARK. Is it not true that nobody who ever reasons about the thing ever expects mutton or beef or corn or wheat or any ordinary product the people eat to be as cheap any more as it has been in the days gone by, at any time, under any system of tariff, or anything else?

Mr. LUNA. I believe that is considered to be true; yes, sir.

Mr. CLARK. Because the people living in town have multiplied so much that they have got to eat along with the rest of them, and you do not have any idea, if we put wool on the free list absolutely, that wool or sheep would ever go back to the prices paid in 1893 and 1894, do you?

Mr. LUNA. I believe they would in our Territory.

Mr. CLARK. Do not the people have to eat mutton?

Mr. LUNA. They might eat mutton, but then you could not afford to run them.

Mr. CLARK. You raise sheep out there primarily for the wool?

Mr. LUNA. Yes, sir.

Mr. CLARK. The mutton part of it is simply an incident of the wool business?

Mr. LUNA. We sold mutton at that time also.

Mr. CLARK. I know, but you raise the sheep for the wool, and whatever you get out of the mutton comes as an incidental profit, does it not? That is practically about your situation?

Mr. LUNA. No; the wool never has covered the expense.

Mr. CLARK. I want to ask you about another mystery that happened here. The lowest that sheep ever did get since the discovery of America and of New Mexico was \$1 a head, was it not?

Mr. LUNA. Between 75 cents and a dollar.

Mr. CLARK. Your sheep are about half as big as Ohio sheep, are they not?

Mr. LUNA. I think so.

Mr. CLARK. And yet a very distinguished citizen of Ohio came in here and said that Ohio sheep sold in 1894 for 50 cents a head. That is all.

Mr. CRUMPACKER. I would like to ask you a question or two about the growth of the industry in the West. Are more sheep raised in your country than were ten years ago?

Mr. LUNA. Yes, sir. In 1907 and 1908 we had about a million more sheep than we did in 1904.

Mr. CRUMPACKER. About a million more in New Mexico?

Mr. LUNA. Yes, sir.

Mr. CRUMPACKER. Do you know about the growth of the industry in other western States and Territories? Has it grown or decreased?

Mr. LUNA. I think it has grown in Wyoming.

Mr. CRUMPACKER. What do you think about the future, in view of changing conditions? At the present prices of wool and mutton, in your opinion, will the flocks increase in number and size or will they greatly diminish?

Mr. LUNA. I think they will increase in number. We will not be able to run such large herds, but there will be more small men who will go in the business.

Mr. CRUMPACKER. But if the prices should be materially reduced, either of wool or mutton, what would be the effect?

Mr. LUNA. Everybody would want to get out of business; there would be a decrease, of course. In New Mexico we could not stand a reduction of the tariff.

Mr. CRUMPACKER. You know, we do not raise nearly enough wool in this country for our own consumption.

Mr. LUNA. No, sir.

Mr. CRUMPACKER. And probably never will?

Mr. LUNA. We never will.

Mr. CRUMPACKER. The mutton market has about as much to do with the sheep industry as the wool market?

Mr. LUNA. Yes, sir.

Mr. CRUMPACKER. They raise for both products, mutton and wool?

Mr. LUNA. We raise for both products in New Mexico. We can raise only clothing wool, on account of our climatic conditions; the fine sheep do not do well in New Mexico. We raise medium sheep that will shear between 5 and 6 pounds of wool, and at the same time make a fair mutton sheep.

Mr. CRUMPACKER. If present conditions, present prices, for wool and mutton continue, there is no time in the future that you can see where our people will raise wool enough to supply the home demand?

Mr. LUNA. No, sir.

Mr. CRUMPACKER. That is all.

Mr. FORDNEY. The gentleman from Connecticut has figured out that you are a cent a pound on your wool worse off than you were when you got 4 cents a pound for it. I want to ask you under which of the two conditions did you make the most money; when you were getting 4½ cents a pound for your wool, in 1893 and 1894, or the last ten years, when you have been getting from 12 to 15 cents?

Mr. LUNA. In the last ten years. We did not make any money in that time.

Mr. FORDNEY. Then you answered his question very short, did you not?

Mr. LUNA. Yes, sir.

Mr. CLARK. Nobody else made any money in anything?

Mr. LUNA. It was a loss to us to be in the business. We could not get out of it. We were carried by the merchants and banks through those years.

Mr. CLARK. Could you get any money out of a bank along in the panic year, 1893?

Mr. LUNA. In 1893?

Mr. CLARK. June, July, August, and September, 1893?

Mr. LUNA. No, sir; not 1893; I could not get any.

Mr. CLARK. That is what I thought. You could not get it out with a "jimmy."

Mr. LUNA. I got money from private individuals.

Mr. CLARK. Nobody was making any money along about that time that you know of in anything?

Mr. LUNA. They were not in the same position that the sheep men were, because the ranges had not been hurt as much.

Mr. CLARK. You say you did not make any then, but you are making money now?

Mr. LUNA. I am making a fair profit on my investment.

Mr. CLARK. How much do you say you are making, Mr. Luna?

Mr. LUNA. I figure that I am making 10 per cent on my investment.

Mr. CLARK. And you have an idea of coming in and getting us to fix it so that you will make some more?

Mr. LUNA. I think that a man in that business, where he takes so much risk, ought to get more. The risk in the sheep business is greater than it is in any other business. As I say, in 1889, in two months, I lost 50 per cent of my capital, or nearly 50 per cent.

Mr. CLARK. In 1889?

Mr. LUNA. Yes, sir.

Mr. CLARK. How did you happen to do that?

Mr. LUNA. A snowstorm. In 1893, on account of the drought, I lost 30 per cent. We have a drought in New Mexico about every other year. We have to contend with those things.

Mr. CLARK. Have you not made preparation to get fodder?

Mr. LUNA. We can not, sir. There is no way that we can raise hay out there where we raise our sheep.

Mr. CLARK. Can you not raise alfalfa?

Mr. LUNA. We raise that on the bottoms. You see, we run our sheep up in the mountains. That is about the only place we can run them now.

Mr. CLARK. You say you are making about 10 per cent now. I am very much obliged to you for being frank enough to state that.

Mr. LUNA. Yes, sir.

Mr. CLARK. Really what you wanted to do was to come in here and induce Congress to fix it so you could make more. That is what you intended?

Mr. LUNA. Yes, sir; because, as I say, the risk in the business is more than you have in any other business.

Mr. CLARK. Let me ask you this question. Have you ever lived anywhere else except in New Mexico?

Mr. LUNA. No, sir; I was born and raised in New Mexico.

Mr. CLARK. Then you do not know anything about the average risks of ordinary farming in the valley of the Mississippi?

Mr. LUNA. No, sir; except by reading.

Mr. CLARK. So there is no use to ask you whether you have more risks than we have.

Mr. RANDELL. The wethers produce more wool than the ewes, do they not?

Mr. LUNA. Yes; some not very much more. You take a wether up to 3 years old, it produces more than a ewe of the same age.

Mr. RANDELL. And the wether makes a larger mutton than the ewe, does it not?

Mr. LUNA. Yes, sir.

Mr. RANDELL. You sell all your wethers as lambs?

Mr. LUNA. We sell all our wethers as lambs, yes, sir.

Mr. RANDELL. That means that so far as your raising sheep is concerned, your principal item of calculation is mutton. If you looked principally to the wool, you would save the wether for wool?

Mr. LUNA. It takes, as I say, the wool—

Mr. RANDELL. I understand, but your principal item of profit is the mutton, and the next item is the wool, with you?

Mr. LUNA. Yes, sir.

Mr. RANDELL. If wool were the main product and mutton the secondary product, then the principal thing to do would be to keep all the sheep until just before they got too old to make mutton, and then put them on the market; would that not be the principal action?

Mr. LUNA. We could not do that effectively, because we could not get our sheep fine enough.

Mr. RANDELL. In the other parts of the United States the principal sheep raisers sell, as a rule, lambs, except the ewes they want to keep for breeding purposes, do they not?

Mr. LUNA. Yes, sir. They have to do that to pay expenses, because wool alone does not do it.

Mr. RANDELL. The wool alone does not pay the expenses?

Mr. LUNA. No, sir.

Mr. RANDELL. The wool is not the first item, but the mutton is first and the wool second. Is that not the fact about it?

Mr. LUNA. Yes, sir. Of course, we breed for both.

Mr. RANDELL. You say you had the question of a drought in 1893?

Mr. LUNA. In 1893, no; we did not have very much of a drought in 1893, we had a panic.

Mr. RANDELL. I thought you said you had a drought in 1893, in answer to Mr. Clark.

Mr. LUNA. In 1903, in 1905 also.

Mr. RANDELL. In 1893 you had the panic?

Mr. LUNA. Yes, sir.

Mr. RANDELL. Has not the price of sheep been gradually rising since the spring of 1893, as stated by the gentleman who just preceded you?

Mr. LUNA. Since 1893?

Mr. RANDELL. Yes.

Mr. CALDERHEAD. I do not think he quite stated it that way.

Mr. LUNA. The price of sheep has not increased very much since 1893, until, I think, about 1898 was when the price increased.

Mr. RANDELL. That is when cotton went up, in 1898, and wool also?

Mr. LUNA. Yes.

Mr. RANDELL. From 1893 to 1898 was there not a gradual rise in wool and cotton from about 4½ cents a pound?

Mr. LUNA. I do not think there was much of a rise from 1893 to 1897; no.

Mr. RANDELL. And cotton was about 4, 4½, and 5 cents a pound along in that time—say, in 1896, 1897, and 1898; or do you remember?

Mr. LUNA. I do not remember what it was then, sir.

Mr. RANDELL. At any rate, the prices of sheep and wool have been gradually rising since 1893; is that correct?

Mr. LUNA. Since 1897, I think.

Mr. RANDELL. You said a while ago in 1893.

Mr. LUNA. In 1897, I think, sir.

Mr. RANDELL. What is the name of the gentleman who just preceded this witness?

Mr. BONYNGE. Mr. Johnston.

Mr. LUNA. He is from Wyoming.

Mr. RANDELL. Mr. Calderhead seemed to misunderstand. I did not want to misquote the gentleman. I should like to ask Mr. Johnston one question to see whether I am right or not.

The CHAIRMAN. Very well; ask him.

Mr. RANDELL. Mr. Johnston, am I correct in understanding that you said the price of wool and sheep had been gradually rising since 1893?

Mr. JOHNSTON. No; I said since 1897 there has been a gradual increase, and I desired to quote the price in 1893, but I think the chairman stopped me from going back to that date.

Mr. CALDERHEAD. I noticed that at the time, and I would like to have him state what the price was from 1893 to 1897, but I suppose Mr. Luna can state that. I do not want to interrupt you, Mr. Randell.

Mr. RANDELL. Just in a moment. Then, as it is a general condition all over the country among sheep raisers that they sell their lambs, except such as they keep for raising purposes, and that mutton is the first consideration and wool the next, can you give us any method whereby we may expect to assist in any way, by law, the building up of the sheep business in this country, speaking as a wool producer?

Mr. LUNA. There is not enough wool raised in the United States, and it is an industry that should be encouraged.

Mr. RANDELL. If you put a tariff on wool, it would injure the manufacturers, perhaps kill the wool manufactures in the country, unless you put a tariff on their produce. If the tariff is on wool, it must go clear on through; that is the theory, and that would maintain a permanent tariff on the manufactured articles.

Mr. LUNA. I suppose the manufacturers would want protection enough to protect their labor, the difference between the labor of this country and other countries.

Mr. RANDELL. Have you ever figured how much that would cost the great mass of the people who buy the wool products in the extra price they would have to pay for them?

Mr. LUNA. I do not think that the masses of people have to pay any more for goods than if the tariff was taken off.

Mr. RANDELL. Then the tariff does not make any greater price. You say you do not get any more for the wool by reason of the tariff?

Mr. LUNA. Yes, sir; I get more for my wool.

Mr. RANDELL. Then the manufacturer does not get any more for his product by reason of the tariff. He does not get any more, does he?

Mr. LUNA. Yes; I think he does.

Mr. RANDELL. Who pays it? Is it not the man who consumes or buys the goods?

Mr. LUNA. I think some of it.

Mr. RANDELL. Who pays it if he does not? You do not pay it, do you, except as you buy and consume?

Mr. LUNA. I suppose the consumer pays it; yes, sir.

Mr. RANDELL. Then it would come out of the masses of the people; then it would cost them, would it not? Have you ever figured how much it would cost the great masses of the people of the United States in order to pay for the wool industry being pampered by law?

Mr. LUNA. No, sir; I have not.

Mr. RANDELL. You have never figured that at all?

Mr. LUNA. No, sir.

Mr. RANDELL. The other proposition is this: Suppose the tariff were taken off wool without being taken off wool manufactures, would that materially, in your opinion, injure the sheep industry?

Mr. LUNA. I do not catch that question.

Mr. RANDELL. If the tariff were taken off wool, would that materially injure the sheep industry?

Mr. LUNA. Yes, sir.

Mr. RANDELL. The mutton, which is the prime purpose of your business, would not be sufficient to make it a paying business?

Mr. LUNA. It would not be sufficient to warrant anybody staying in the business.

Mr. RANDELL. The pastures are being gradually taken off, say, and without the tariff on wool you do not think it would be profitable to raise sheep in small flocks, as they would have to be raised?

Mr. LUNA. No, sir; it would not.

Mr. RANDELL. But at the present rate it is sufficient?

Mr. LUNA. At the present rate there is a reasonable profit in the business.

Mr. RANDELL. That is all.

Mr. CLARK. I want to ask you a question about this drought business. Does that grow out of insufficient quantity of food or an insufficient quantity of water, or both?

Mr. LUNA. Both, sir.

Mr. CLARK. You can remedy the insufficient quantity of water, can you not?

Mr. LUNA. Yes, sir; that can be remedied.

Mr. CLARK. The insufficient quantity of food grows out of the fact that you overstock the ranges, does it not?

Mr. LUNA. No, sir.

Mr. CLARK. Does there ever come a drouth so that there is not grass raised out there?

Mr. LUNA. We have a drouth there that in some parts of the Territory no grass grows at all, and we have to move. We have to move to other parts.

Mr. CLARK. You can not raise feed enough to take care of it?

Mr. LUNA. No, sir; we can not.

Mr. CLARK. I thought the irrigation business was producing an immense amount of feed out in New Mexico.

Mr. LUNA. Not as yet. It is a new industry with us.

Mr. CLARK. Do you raise alfalfa down there?

Mr. LUNA. Yes, sir.

Mr. CLARK. That is the only kind of grass you cultivate?

Mr. LUNA. That is the only kind, sir, and we do not raise very much of that. That is only raised in the valley of the Rio Grande and some other valleys.

Mr. CALDERHEAD. You do not raise it to feed sheep?

Mr. LUNA. No, sir; it would be too expensive.

Mr. CLARK. If the people of New Mexico raised enough grass, as the people of Idaho do, to take care of their sheep, would not that increase your profits enough to make the tariff of no concern?

Mr. LUNA. No, sir; conditions in New Mexico are such that it could not be done. Where we run our sheep we run from 150 to 180 miles away from the valleys out in the mountains, where you can not raise alfalfa, and to freight it out there would be too expensive. The feed that we use for our horses we haul from the railroad; in my instance I haul 80 and 100 miles, which makes it very expensive, and you could not do that and feed sheep. There is no way that you could provide for the winter months; it would not pay to feed in New Mexico.

Mr. CLARK. Can you not raise stuff enough out there to feed your horses?

Mr. LUNA. In some instances we can not.

Mr. CLARK. You have all the advantages of the Idaho men in the matter of climate, have you not?

Mr. LUNA. No, sir.

Mr. CLARK. Is it not warmer in New Mexico than it is in Idaho?

Mr. LUNA. I do not know if it is any warmer, but we have not the valleys or the water or the land that will produce alfalfa where our ranges are. You see, our stock ranges are out in the mountains.

Mr. CLARK. Is Idaho a better sheep country than New Mexico?

Mr. LUNA. I think so.

Mr. CLARK. Then, if you are making 10 per cent, Johnson and the rest of the fellows up there ought to get rich, ought they not?

Mr. LUNA. I do not know what their expense is. Of course, their expenses are heavier than ours. They pay more wages than we do.

Mr. BONYNGE. How many months of the year do you use the forest reserves?

Mr. LUNA. Five months.

Mr. CALDERHEAD. In answer to Mr. Clark's question, you said the price of sheep was about 75 cents a head in 1893 and 1894?

Mr. CLARK. No; he said from 75 cents to \$1.

Mr. CALDERHEAD. What age were the sheep that could be sold for 75 cents?

Mr. LUNA. Ordinary sheep, from 1 to 5 years old.

Mr. CALDERHEAD. What was the price of lambs then?

Mr. LUNA. The price of lambs was from 75 cents to \$1. A lamb was worth as much as a ewe then.

Mr. CALDERHEAD. What did you do with your sheep in 1894 and 1895?

Mr. LUNA. Sold them to feeders.

Mr. CALDERHEAD. Did you keep your flocks up?

Mr. LUNA. No; our flocks were decreased. We had to sell lambs, the ewe and wether lambs both, to try and pay expenses. We did not save any ewe lambs during those years; we could not save any. We had to sell ewe lambs, together with the wether lambs, in order to pay expenses.

Mr. CALDERHEAD. The wool did not pay the expenses?

Mr. LUNA. No, sir.

Mr. CALDERHEAD. Did it ever pay it?

Mr. LUNA. No, sir.

Mr. CALDERHEAD. It never does?

Mr. LUNA. No, sir; it does not; and now, since the tariff is put on, since the Dingley bill, the wool and the mutton, the wether lambs that we sell, about pay expenses, and you have your ewe lambs as a profit, which enables a person to increase his flocks in that way—those who wish to increase them—and those who wish to sell them take that as a profit.

Mr. CALDERHEAD. That is all.

Mr. RANDELL. The tariff on wool in 1893 had nothing to do with the price of mutton, did it?

Mr. LUNA. I think it did; yes, sir.

Mr. RANDELL. In the spring of 1893 you sold lambs at from 75 cents to \$1?

Mr. LUNA. Yes, sir.

Mr. RANDELL. For mutton?

Mr. LUNA. Yes, sir.

Mr. RANDELL. At that time you had a tariff on wool, did you not?

Mr. LUNA. Yes, sir.

Mr. RANDELL. And had had it for years?

Mr. LUNA. Yes, sir.

Mr. RANDELL. Did the tariff on wool make the price of lambs as high as 75 cents to \$1?

Mr. LUNA. Of course, at that time there was not as much mutton used; there was not as much demand for mutton as there is now.

Mr. RANDELL. There was not as much demand for mutton?

Mr. LUNA. No, sir.

Mr. RANDELL. And the lambs for mutton simply sold for that, irrespective of the price of wool?

Mr. LUNA. No, sir.

Mr. RANDELL. And with the tariff on wool at that time you sold your lambs for mutton from 75 cents to \$1?

Mr. LUNA. In 1893; yes, sir.

Mr. RANDELL. In the spring of 1893?

Mr. LUNA. No; in the fall of 1893. We do not sell lambs in the spring; we sell our lambs in the fall of the year.

Mr. RANDELL. What did you sell your lambs for in the fall of 1892?

Mr. LUNA. 1892?

Mr. RANDELL. Yes.

Mr. LUNA. I would not be positive, sir. I think we got something like \$1.25 or \$1.50.

Mr. RANDELL. Do you recollect about that?

Mr. LUNA. I am not positive; no, sir.

Mr. RANDELL. Did the price of lambs go down any more than the price of any other things that you know of at that time?

Mr. LUNA. I think they did in 1893.

Mr. RANDELL. From the fall of 1892 to the fall of 1893?

Mr. LUNA. Yes: they went down considerably with us.

Mr. RANDELL. That is all.

The CHAIRMAN. That is all, Mr. Luna.

(Mr. Luna submitted the following paper, which is here printed in the record in full:)

Investment:

2,000 ewes, at \$3.....	\$6,000
Headquarter ranch, including windmill, tank, and sheep pens.....	2,000
Total	<u>8,000</u>

Expenses:

Use of rams for one year.....	300
2 herders, 1 at \$20 and 1 at \$25 per month.....	540
Supplies for men, \$40 per month.....	480
Pack animals and camp outfit.....	240
Extra help for lambing, 12 men, for forty-five days.....	540
Grazing fees in forest reserves.....	140
Dipping sheep.....	120
Freighting wool from ranch to railroad.....	50
Shearing expenses.....	120
Incidental expenses, including taxes.....	180
Total	<u>2,710</u>

Income:

2,000 sheep, 5 pounds each—10,000 pounds, at 14 cents.....	1,400
65 per cent lambs, 1,300 head.....	
60 per cent lambs for sale, 780 head, at \$2.....	1,560
Total	<u>2,960</u>

Profit, 520 lambs for interest on investment, less 10 per cent to make up loss for the year on original number. Net profit, 320 ewe lambs.

STATEMENT OF MR. H. W. KELLEY, OF LAS VEGAS, N. MEX.

The CHAIRMAN. You are a woolgrower, Mr. Kelley?

Mr. KELLEY. I am.

(The witness was sworn by the chairman.)

Mr. KELLEY. Mr. Chairman, I am one of the members of the New Mexico Wool Growers' Association, and we come here to present our grievances before your committee and appeal for the present protection on our product, which is principally wool.

The CHAIRMAN. Just one moment. I want to say to those people here who can not be reached this morning that the committee will take a recess until 2 o'clock. The condition of the business, I think, in the House is such that the committee can take a recess until 2, so that when we take a recess we will take it until that hour. Proceed now, Mr. Kelley.

Mr. KELLEY. Our industry in New Mexico is wool—our principal industry there. We have about four and one-half million sheep, and we are affected very much by any agitation or prospect of lowering the tariff. We are peculiarly situated down in New Mexico. We are in an arid country; our wools there are not the same class of wool that is grown in the northern part of the United States. We have a greater sink; it is a sandy, barren country. We have to cover more country to raise the same wool. I have two bands of sheep that I have been running for a good many years. I often buy up wethers and run them as well. If the present duty of 11 cents was reduced our business would not be profitable. If it was not for our mutton, we could not make any money on wool, even with the present duty. Our cost of living and labor and our general expenses have advanced, owing to drought, restricted regions, and having to pay for range in the forest reserves, and we feel that we should ask you men to consider our case in New Mexico. We need all the help we can get. You might say we are just starting. We are a Territory as yet; we hope we will not be always, and our sheep conditions in that section of the country warrant all the protection we can get. We need it. Do you wish me to go into my own individual case? I am dealing with general conditions of the Territory now.

The CHAIRMAN. Do you raise alfalfa there?

Mr. KELLEY. No, sir; alfalfa is only raised along the streams where they can irrigate.

The CHAIRMAN. And you do not raise any?

Mr. KELLEY. No, sir; I do not. I have not any land that is susceptible of irrigation.

The CHAIRMAN. Do you raise any fodder?

Mr. KELLEY. No, sir.

The CHAIRMAN. Are you subject to drought?

Mr. KELLEY. We are. I could give you an example right now in my own country.

The CHAIRMAN. When did you have the last drought that was particularly disastrous to your flocks?

Mr. KELLEY. This spring. We did not raise 25 per cent of lambs.

The CHAIRMAN. Did you lose any sheep?

Mr. KELLEY. Yes, sir; we lost from 10 to 12 per cent of the old sheep on account of the drought.

The CHAIRMAN. When did you have one before that?

Mr. KELLEY. We had a drought in 1903, a very severe one.

The CHAIRMAN. And you had a similar loss then?

Mr. KELLEY. Yes; in 1903 we had a very big loss; we did not make any lambs to speak of.

The CHAIRMAN. When was the last before that?

Mr. KELLEY. I think it was 1889.

The CHAIRMAN. So you have had the three in the last nineteen years.

Mr. KELLEY. I think it was 1889 or 1890 we had the severe drought, and then again we had a drought in 1903.

The CHAIRMAN. And you have not found any way yet to provide against that?

Mr. KELLEY. It is impossible to provide against that. Our rains come in seasons.

The CHAIRMAN. Do you ever have to feed the sheep except in a drought?

Mr. KELLEY. We do not have anything to feed them on.

The CHAIRMAN. I say, when you do not have a drought, do you have to feed them?

Mr. KELLEY. No, sir.

The CHAIRMAN. It would not be necessary, if you had any?

Mr. KELLEY. No, sir; we do not have it, but if we had it, we would feed them.

The CHAIRMAN. I say, if you had it, it would not be necessary to feed them except in drought?

Mr. KELLEY. No, sir.

The CHAIRMAN. So what you have to provide against in the way of feeding them in drought?

Mr. KELLEY. Yes, sir.

The CHAIRMAN. And they have not yet developed any fodder that will grow there?

Mr. KELLEY. No; the only thing they can raise is the natural grass on the high, sandy prairies.

The CHAIRMAN. Have you tried to raise alfalfa?

Mr. KELLEY. Where we can irrigate, yes.

The CHAIRMAN. Without irrigating?

Mr. KELLEY. You can not raise that without irrigation.

The CHAIRMAN. I do not know that you can in your country.

Mr. KELLEY. I am only talking for our country.

The CHAIRMAN. I was asking you if they ever tried it there?

Mr. KELLEY. They have tried it, but it will not grow.

The CHAIRMAN. If you can raise grass in which to pasture the sheep, I do not know why you can not raise alfalfa.

Mr. CALDERHEAD. You will have to go there.

The CHAIRMAN. I do not see how they ever feed the sheep on the grass, so far as I am concerned.

Mr. KELLEY. I spoke about the drought this spring. We had no rains up until the 17th of July. Then during July and August we had bountiful rains that made the grass just spring out of the ground, and we have got fine winter feed right now, but we had nothing for the sheep to eat up until the middle of July.

Mr. CLARK. Have they ever tried, in Mexico, the experiment of raising kaffir corn, or any of these things that are said to be suitable to semiarid regions?

Mr. KELLEY. Mr. Clark, where we can irrigate; yes.

Mr. CLARK. Without irrigation?

Mr. KELLEY. They can not raise it upon those dry plains.

Mr. CLARK. Do you run your sheep on the range, the high ground?

Mr. KELLEY. Yes, sir; we have not any place else to run them.

Mr. CLARK. What I was driving at was, if you do raise anything, or can raise anything, or ever tried to raise anything?

Mr. KELLEY. We have tried where we can irrigate.

Mr. CLARK. And you can not raise anything without irrigation?

Mr. KELLEY. This dry-farming process that they are starting now is fine when it rains.

Mr. CLARK. I think myself that the dry farming is very much overrated without rain; that is my guess about it. [Laughter.] You have two bands of sheep?

Mr. KELLEY. Yes, sir.

Mr. CLARK. How long have you been in the sheep business?

Mr. KELLEY. Since 1884.

Mr. CLARK. You made money in 1884?

Mr. KELLEY. We have made money and we have lost money.

Mr. CLARK. On the whole, taking it from the time you went into the business down to the present day, you have made plenty of money, have you not?

Mr. KELLEY. I am willing to sell out now—glad to get out.

Mr. CLARK. I know, but you are not willing to sell out for what you started in with.

Mr. KELLEY. I started in with these dollar sheep.

Mr. CLARK. In 1884?

Mr. KELLEY. Yes, sir; away back there.

Mr. CLARK. With a high tariff on wool?

Mr. KELLEY. Do you know what we had then? We had out in New Mexico sheep that we had to breed up, and I think that was all they were worth.

Mr. CLARK. These sheep, then, that this distinguished Ohio statesman was talking about selling at 50 cents a head were liable to be Mexican sheep?

Mr. KELLEY. I do not know anything about the Ohio man.

Mr. CLARK. Did you ever hear, in your lifetime, of any sheep selling at 50 cents?

Mr. KELLEY. I bought 10,000 head of sheep in Arizona for 50 cents a head, as good as any sheep that were ever raised.

Mr. CLARK. When was that?

Mr. KELLEY. During the panic in 1893, and they were as good as any sheep sold in Ohio, and I sold them the next year.

Mr. CLARK. How much did you make?

Mr. KELLEY. One dollar and a half.

Mr. CLARK. That was pretty good making, was it not?

Mr. KELLEY. Yes; I took advantage of opportunities.

Mr. CLARK. That was under a high tariff?

Mr. KELLEY. The panic was under a high tariff?

Mr. CLARK. Yes, sir.

Mr. KELLEY. What brought it around?

Mr. CLARK. The high tariff brought it around. [Laughter.] It is a historic fact. I am not going to argue it with you, but the panic did come under a high tariff, no matter what produced it. It was under high tariff. Do you raise sheep for mutton or wool?

Mr. KELLEY. Both.

Mr. CLARK. Which is the principal crop?

Mr. KELLEY. The principal crop is the wool first, and then the mutton.

Mr. CLARK. Do you make all your lambs clear profit?

Mr. KELLEY. No, sir; out in our country we do not have these 80 and 90 per cent crops of lambs. If we get 55, 60, or 65 we think we are doing fine.

Mr. CLARK. Eighty or 90 per cent of lambs are dropped, are they not?

Mr. KELLEY. Not with us.

Mr. CLARK. Is that because you do not have rams enough?
[Laughter.]

Mr. KELLEY. No; it is not because we do not have rams enough.

Mr. CLARK. Have you graded your sheep up so that, sheep for sheep, they compare favorably with Missouri, Iowa, and Kansas sheep?

Mr. KELLEY. No; we can not hold a candle to Missouri sheep. Our sheep do not belong in the class with the blue-grass sheep.

Mr. CLARK. That is what I thought, and that is what I have been trying to get at.

Mr. KELLEY. Our sheep are not mutton sheep; they are crossed with merinos. Your men come in and buy our sheep for feeders.

Mr. CLARK. I know; there are thousands of them come to my district very frequently.

Mr. KELLEY. You know very well that we have different cases there. New Mexico is a big State—will be, I should have said.

Mr. CLARK. I am going to help you get in this winter.

Mr. KELLEY. I thank you.

Mr. CLARK. I will do that much for you anyway.

Mr. KELLEY. The climatic conditions there are such that we can not raise sheep in one part the same as we can in another. You take the southern part of the Territory: There are great, vast stretches of country there that a sheep can not exist in. It would take 20 acres for a sheep, where in other places it will take 10 acres.

Mr. CLARK. Mr. Chairman Payne kept asking you about fodder. That term has one meaning in the East and an entirely different meaning out with us. I do not want you to be misled by his asking you about fodder. West of the Mississippi nobody would ever talk about hay being fodder. You do not have anything to feed the sheep on except the range?

Mr. KELLEY. No; we do not fatten anything in our country, but sell to the feeders. You know that.

Mr. CLARK. Yes, sir; perfectly well. Thousands of them come to my country and my district. You have two bands of sheep; that is about 4,000?

Mr. KELLEY. Four thousand three hundred.

Mr. CLARK. I want to ask a question of Mr. Luna if he has not left the room; and if he has, I will ask this gentleman. How much per cent did you make off your sheep this year, Mr. Kelley?

Mr. KELLEY. I am behind.

Mr. CLARK. You are in the hole?

Mr. KELLEY. I am in the hole.

Mr. CLARK. With this high tariff?

Mr. KELLEY. Do you know why? I did not raise any lambs.

Mr. CLARK. You do not have droughts in New Mexico any more than we have in the Mississippi Valley or anywhere else?

Mr. KELLEY. I do not know about the Mississippi Valley, but I know we had an awful drought this spring in New Mexico.

Mr. CLARK. You did not have any lambs; that was the trouble?

Mr. KELLEY. I say we had about 25 per cent, but we had little animals that the other feeders would not give me 50 cents a head for.

Mr. CLARK. How much did you make last year?

Mr. KELLEY. How much net profit?

Mr. CLARK. Yes.

Mr. KELLEY. I think I made about \$1,100 or \$1,200.

Mr. CLARK. I am not talking about how much the amount of money was. How much per cent?

Mr. KELLEY. Eight or 10 per cent on my investment.

Mr. CLARK. How much is the most you ever made in any one year; how much per cent?

Mr. KELLEY. I never made, counting my land investment and my labor, over 10 per cent in the sheep business since I have been in it, except when I speculated and bought some of these sheep at 50 cents and sold them, which was not a growing business.

Mr. CLARK. That does not count. If you were lucky, you were lucky, that is all.

Mr. KELLEY. That is mere speculation.

Mr. CLARK. From the time you went into the business in 1884 have you not averaged over 10 per cent?

Mr. KELLEY. Oh, no. During the free-trade days, when we had wool selling for 4 and 5 cents a pound, we all ran behind.

Mr. CLARK. The question I wanted to ask Mr. Luna, and maybe you can tell me just as well, was this: He said that several years ago, ten or twelve or some time back, two men would take care of 4,000 sheep, as I understood him.

Mr. KELLEY. Three thousand. The two men would take care of 3,000.

Mr. CLARK. Anyhow, the number of men has doubled up in proportion to the sheep. How did that happen?

Mr. KELLEY. You see, our country was thinly settled.

The people are coming in and taking up the country. We have 100,000 new population in the last five years, and they have been taking up this range, and we have to run our sheep in smaller bands in order to keep them alive. That is exactly the reason. Formerly I bought a big bunch of wethers one year and I ran them 5,000 in a herd, and I would put 5,000 under three men, but I could not do it now.

Mr. CLARK. The average sheep in New Mexico is nearly one-half bigger than the average sheep ten or fifteen years ago?

Mr. KELLEY. You are wrong about that.

Mr. CLARK. You have been breeding them up with bucks brought in from Missouri and Iowa?

Mr. KELLEY. We have been getting them bigger in size.

Mr. CLARK. You take a Shropshire, and would it not increase the size?

Mr. KELLEY. You would not have a pure Shropshire herd of sheep unless you had about 40 men keeping them together. The Shropshires are not good for ranges; they are good for closed fields.

Mr. CLARK. Do you not, as a matter of fact, send back over to Missouri, Iowa, and Illinois and that country and get these Shropshire bucks and these other big bucks?

Mr. KELLEY. We get Rambouillet and Lincoln crossed for our range bands. These Shropshires do not make range sheep.

Mr. CLARK. One other question and I will let you go. How does it happen that with these herders out with the bands of sheep that the wolves and other pestiferous animals kill so many of your sheep?

Mr. KELLEY. The coyotes will sneak up and after the sheep are bedded down will nip off a lamb or an old ewe, and you can not prevent it.

Mr. CLARK. The herders can not prevent it?

Mr. KELLEY. The herders may be asleep.

(Thereupon, at 11.45 o'clock a. m., the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
Friday, December 11, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

The CHAIRMAN. The committee will be in order. We will hear you further now, Mr. Miles.

ADDITIONAL STATEMENT OF MR. H. E. MILES.

Mr. MILES. Do you want to swear me, Mr. Chairman?

(The witness was sworn by the chairman.)

Mr. MILES. I thank you for swearing me. It eases my conscience. A representative of an organization of 100 importers and exporters wished to present certain evidence to the committee, and the gentleman who spoke to me said he would lose his financial standing and be financially ruined, possibly, if he appeared in person before you; and so, with that explanation, trusting to the committee to protect him fairly, he asked me to present copies of invoices from his books, concerning which I believe I can satisfy the committee by affidavits or otherwise, as the chairman may desire, as to their authenticity and propriety.

The CHAIRMAN. Did you make the copies from his books?

Mr. MILES. No, sir; he handed them to me; and I will send you affidavits as to the propriety or advise you otherwise. I hear from the Secretary of the Bureau of Commerce and Labor and from others that he is a gentleman of very high standing, and he represents an organization, as I say, of a hundred members.

The CHAIRMAN. The difficulty with all that business is that if the committee receives a confidential communication and prepares a bill and they are asked on what basis they acted, they can only say that it is on a confidential communication of some party. We will take it for what it is worth.

Mr. MILES. Yes; of course.

The CHAIRMAN. But if the gentleman will come up here and stand behind it and make the statement, it will be worth a great deal more than when it is presented in this way, and I hope you can persuade him to come before the committee and verify it and let the world know what the facts are.

Mr. MILES. I thought it proper to bring the matter to the attention of the committee.

The CHAIRMAN. That is all right; there is no question about that.

Mr. MILES. He says if he should come here it would ruin his financial standing.

The CHAIRMAN. We will hear what you have to say on the subject.

Mr. MILES. All right, sir.

The CHAIRMAN. But if we had the man himself here, it would be much more satisfactory.

Mr. MILES. I am very sure that he will satisfy the committee privately.

The CHAIRMAN. I do not know that the committee will receive any private communications from anybody, if they do not care to make them public.

Mr. MILES. A copy of the first invoice he gives us is for files, which shows a price made for export of \$193.28. The duty, if they had been imported, would have been \$248.75.

Mr. UNDERWOOD. That is the cost of files where, abroad, that you are giving the figures on?

Mr. MILES. The cost at New York or at the American factory.

The CHAIRMAN. Does that show the quantities and sizes, and so forth?

Mr. MILES. It gives full particulars, sir; it is a complete invoice.

Mr. UNDERWOOD. Will you file that in the record?

Mr. MILES. Yes, sir.

The CHAIRMAN. Hand it to the reporter and he will put it in the record in the proper order.

(The invoice referred to is as follows:)

Mill bastard files:

15 6	15 7	25 8	25 10	10 12	5 14	dozen.
7/—	8/6	10/6	15/—	21/6	30/—	per dozen.

Flat bastard files:

10 6"	10 7"	5 8"	5 10"	10 12"	5 14"	dozen.
7/—	8/6	10/6	15/—	21/6	30/—	per dozen.

Regular single-cut taper saw files:

20 3	20 3½	15 4	15 4½	10 5	10 5½	10 doz en. 6"
4/—	4/—	4/6	5/—	5/6	6/6	7/6 dozen.

Slim taper saw files, single cut:

20 3	20 3½	15 4	15 4½	10 5	10 5½	10 dozen. 6"
4/—	4/—	4/6	5/—	5/6	6/3	6/6 dozen.

£143 14 —
% 70.5. & 2½ per cent, 39 18 8

At \$4.84 \$193.28

Duty:

115 dozen 7" or longer, at \$1 per dozen.....	115. 00
85 dozen 5"-6", at \$0.75 per dozen.....	63. 75
140 dozen 4½" or shorter, at \$0.50 per dozen.....	70. 00

248. 75

Mill bastard files:

15 6"	15 7"	25 8"	25 10"	10 12"	5 dozen. 14"
\$3. 50	\$3. 90	\$4. 30	\$5. 60	\$7. 50	\$10. 70 dozen

Flat bastard files:

10 6"	10 7"	5 8"	5 10"	10 12"	5 dozen. 14"
\$4.30	\$4.80	\$5.30	\$7.00	\$9.70	\$13.30 dozen.

Regular single-cut taper saw files:

20 3"	20 3½"	15 4"	15 4½"	10 5"	10 5½"	10 dozen. 6"
\$2.10	\$2.10	\$2.20	\$2.40	\$2.60	\$3.00	\$3.40 dozen.

Slim single-cut taper saw files:

20 3"	20 3½"	15 4"	15 4½"	10 5"	10 5½"	10 dozen. 6"
\$2.10	\$2.10	\$2.20	\$2.30	\$2.50	\$2.90	\$3.10 dozen.

\$1,282.50

70, 10, and 2 per cent, 274.90

Increase over export price, \$193.28—40 per cent.

Mr. MILES. The duty, if they had been imported, would have been \$248.75. The price against the American consumer, if they had been bought to be used in this country, on the basis of a discount from the list of 70 per cent, and 10, and 10, and 10, and 2.

Mr. DALZELL. Will you tell us what kind of files they were? I find in the tariff here provision made for different kinds of files at different rates of duty. This reads:

156. Files, file-blanks, rasps, and floats, of all cuts and kinds, two and one-half inches in length and under, thirty cents per dozen; over two and one-half inches in length and not over four and one-half inches, fifty cents per dozen; over four and one-half inches in length and under seven inches, seventy-five cents per dozen; seven inches in length and over, one dollar per dozen.

Will you state what kind of files they are?

Mr. MILES. Yes, sir; they are of 26 different lengths and sizes. The price to the domestic consumer on this invoice is \$274.90, or 40 per cent more than the price for export. This could be verified very easily if the committee would investigate what is called the file trust, the Nicholson File Company, who are said to control the entire file business of the United States.

He also gives me his price for export, as I understand, from the United States Steel Products Company of \$3.20 on corrugated galvanized sheets, the domestic price being \$3.20 and the export price \$3.01 delivered in Asiatic markets, making a price for export on the basis of New York delivery of \$2.71, as against \$3.20 against the domestic consumer, or 18½ per cent more against the domestic consumer than against foreign users. Also on bar steel.

The CHAIRMAN. Right there, in connection with that, on files, I find that there are very few imported of 7 inches in length and over. The price is about, on an average, \$2.40, although it runs down to \$1.72 and up to \$2.55, but the average imported price is about that, and the duty 33½ to 36 per cent.

Mr. DALZELL. The duty is ad valorem.

Mr. MILES. On bar steel the price is \$1.56. That corresponds with my books and my cost at home, and the foreign price delivered at Asiatic seaports is \$1.50, which, on the basis of 30 cents for freight.

would be \$1.20 export, as against \$1.50 domestic, or 30 per cent more for the domestic consumer than for export.

He promises to give us many more invoices, all indicative of the fact that steel products are sold at much less for export than to the domestic consumer. As I say, I present that evidence upon his request only.

A gentleman of the committee, as I understood, said the other day that almost everything was labor: that the value of manufactured products was mostly in labor. I thought it might be slightly helpful to suggest to the committee that the value of all the manufactured products in the United States, according to the last census, was \$14,800,000,000, and the total wages paid in the factories in the United States that year was \$2,600,000,000. In other words, the total wages in all manufacturing industries are 20 per cent less than the value of the product.

The CHAIRMAN. That is on this basis. On the manufacture of pig iron, the total product and the total wages are inserted in the census. You follow that pig iron until it gets to be cutlery, and every process is stated as a separate manufacture, and the value of material goes in and also the value of the wages in that particular line of manufacture, and that is the reason you get so small a percentage of labor to the value of the material; whereas if you took the pig iron and followed it through the cutlery, you would get a very high percentage of wages. You see the point I am getting at?

Mr. MILES. Yes, sir; and it is in a general way only that I offer the presumptive evidence that wages are not by any means the total of the product.

The CHAIRMAN. I do not see how you can furnish us any evidence on that subject, for the reason that the piece of cutlery may represent 75 per cent or 90 per cent of wages, all the way from the iron ore until it gets into cutlery, and in the census it only figures for the wage in the cutlery factory.

Mr. MILES. Yes.

The CHAIRMAN. Taking the steel as it goes in there and the goods or the raw material. That is the difficulty with it.

Mr. MILES. Yes.

The CHAIRMAN. Now, if you put on only sufficient to protect the work in the cutlery factory on that article, then you would cut out everything below them and you would stop their business; do you see?

Mr. MILES. Yes, sir. I thought, Mr. Chairman, that it might be of some interest to apply that principle to my own business, with which I am thoroughly familiar, and so I wish to say that the total wage cost in my factory on a buggy which wholesales at \$75 is, as near as I can determine, \$20, or 25 per cent of the selling price. The tariff is 45 per cent.

The CHAIRMAN. That is the cost in your factory?

Mr. MILES. Yes, sir. Then to that, of course, you add the cost of mining the ore and cutting down the trees and making the small piece of cloth that I use, and so forth. But I can hardly think when you add the wages for all those things you equal the tariff.

The CHAIRMAN. Yes: all those clear through must be taken into consideration.

Mr. MILES. Yes; and I come not with proof, but with evidence from my books that my wage cost is 25 per cent, upon a highly finished product, of the wholesale price, or less than 20 per cent of the retail price.

Mr. COCKRAN. You mean 25 per cent of your contribution to the product?

Mr. MILES. Yes, sir.

Mr. COCKRAN. Because, of course, you have received the materials out of which your finished product is made.

Mr. MILES. Yes, sir. To that 25 per cent you add the cost—

Mr. COCKRAN. That is the cost. You pay out directly in wages 25 per cent of what you contribute to it.

Mr. MILES. Twenty-five per cent of my cost, or 25 per cent less than my selling price.

Mr. COCKRAN. Let us follow that.

Mr. MILES. Yes.

Mr. COCKRAN. Take some particular article which you manufacture, a plow, for instance.

Mr. MILES. If you do not mind, I have taken a \$75 buggy.

Mr. COCKRAN. A \$75 buggy.

Mr. MILES. Yes.

Mr. COCKRAN. How much of that is raw material? I mean, how much of that is material that you buy, of that \$75. You mean a \$75 buggy that you sell, or a buggy that costs you \$75?

Mr. MILES. Costs me \$60 or less.

Mr. COCKRAN. Could you give us the cost? What you sell it at gives us no light at all. What it costs you to produce is of capital importance.

Mr. MILES. Fifty-five dollars.

Mr. COCKRAN. It costs you \$55?

Mr. MILES. In labor and material.

Mr. COCKRAN. It costs you \$55 altogether.

Mr. MILES. Pardon me, you asked entirely. Must I add also the interest I pay banks?

Mr. COCKRAN. Yes; I think so. I do not think you can estimate otherwise. In fixing costs you can not eliminate anything you pay out.

Mr. MILES. The total cost is what you want?

Mr. COCKRAN. Yes; the total cost would be what?

Mr. MILES. Including selling expenses, the expense of the salesmen on the road and the railroad fare of my salesmen, but not cash discount?

Mr. COCKRAN. I would put that out for the present.

Mr. MILES. Sixty dollars.

Mr. COCKRAN. Sixty dollars is what it costs you to put that buggy on the floor, ready for delivery?

Mr. MILES. Yes; in my shipping room.

Mr. COCKRAN. How much of that \$60 was paid for the materials out of which you constructed it?

Mr. MILES. Forty dollars.

Mr. COCKRAN. And then the other \$20 was what?

Mr. MILES. Labor.

Mr. COCKRAN. Labor. Well, you must have allowed something for the wear and tear in your establishment, your plant, and all that?

Mr. MILES. That would come in between the \$60 and the \$75 selling price.

Mr. COCKRAN. Then you count that? I see what you mean. You charge up to wear and tear in the use of your factory and add that to the expenses of selling?

Mr. MILES. Yes, sir.

Mr. COCKRAN. Now, this \$40 was paid out for finished lumber—more or less finished?

Mr. MILES. Yes.

Mr. COCKRAN. And for leather and steel?

Mr. MILES. And cloth.

Mr. COCKRAN. And each of those materials in turn is a product of labor?

Mr. MILES. Yes, sir.

Mr. COCKRAN. And the labor cost of all these must be considered when you estimate the relative labor cost and material cost of that thing?

Mr. MILES. Yes, sir.

The CHAIRMAN. What you mean is that your contribution for labor to that total cost of \$60 is \$20?

Mr. MILES. Yes.

Mr. COCKRAN. Your labor cost?

Mr. MILES. Yes.

Mr. COCKRAN. But each person who furnishes one of the other materials has in turn made a contribution quite as large as yours and probably larger?

Mr. MILES. Not so large by considerable, I should say; but that is a factor that I would not for the world seem to eliminate.

Mr. COCKRAN. The point of my question is to show that the fundamental principle on which all economists agree is that the labor cost, the actual cost, is not seriously contradicted by these figures. It simply means that you have taken your contribution in the way of wages and of labor cost to this finished article, without considering the contribution made by other persons at the various stages of production through which it passed before it was finally ready for use in the community.

Mr. MILES. I am only stating definitely what is my cost, and leaving the committee to estimate those things, but I am not expecting that they will overlook them.

Mr. COCKRAN. Oh, no.

Mr. MILES. But I come nearer than any other buggy manufacturer to including the entire cost, because I make my own springs and wheels, and so on.

Mr. COCKRAN. Yes; and you know if you follow the matter out, when you come to consider the question of the cost of selling and wear and tear on the machinery, they go back to the labor cost in the long run.

Mr. MILES. Yes.

Mr. COCKRAN. So that I am merely suggesting that it is not very profitable to pursue what is in the nature of things a most elusive inquiry; that is, the difference between labor and material cost.

Mr. MILES. There are forty or fifty different profits in a \$50 buggy.

Mr. COCKRAN. That is the point.

Mr. MILES. Profit is not labor; that is sure.

Mr. COCKRAN. Yes. What you contribute to this discussion, and I think it is of essential importance, is this fact, entirely within your own knowledge—let us see if I understand you—that, given free steel and free leather, you can sell the finished article in the markets of the world without any protection whatever?

Mr. MILES. Yes, sir.

Mr. COCKRAN. That, I understand, is your contention.

Mr. MILES. Yes, sir.

Mr. COCKRAN. Now, that, of course, is a palpable fact that is at least, I should suppose, of great importance, and is certainly of great importance to the committee.

Mr. MILES. The gentleman, as I understood, was rather dominated by the fact, as he believed, that the total cost of the article, the selling price of the article, was 90 per cent accumulated wage, and I know that it is less than 40 per cent, and less than 30 per cent, accumulated wage on many things.

Mr. COCKRAN. I will have to differ with you on that, but I do not think it is worth while going into these speculations. The important thing that it seems to me this committee is anxious to ascertain is what the concrete effect upon your own product would be. You can testify to that with decisive effect, and you told me, as I understood, that with free steel and with free leather you would be able to furnish the plows and the buggies that you manufacture without any protective tariff whatever in this market and in the markets of the world?

Mr. MILES. Yes; and use more labor, and if anything pay higher rates for it.

Mr. COCKRAN. And that by the increased output of your factories you would employ more laborers and have more laborers, and therefore, by the increased demand for labor which would follow, there would be a tendency to increase the rate of wages.

Mr. MILES. Yes, sir.

Mr. COCKRAN. That is clear.

Mr. MILES. Yes, sir. One of the gentlemen spoke of imports in connection with automobiles, saying, as I understood, that he would put the tariff so high that you could scarcely bring any automobiles in. That was the gentleman from Michigan. I think it might be worth while to mention, on the other hand, that the manufacturers of the United States use imported articles to the extent of \$750,000,000 a year, and that one-third of that, or \$254,000,000, or thereabouts, are dutiable. We can not run our shops without great imports, and we pay duty on imports. As for exports, we export for manufacture, for further use in manufacture, and manufactures ready for consumption, \$1,082,000,000 worth, and, as I figure, \$680,000,000 worth of our exports of manufactures are crude and semicrude materials, making 63 per cent; and what the manufacturers exceedingly favor is that instead of exporting the crude material we should be relieved of the duties on crude and semicrude materials and be allowed to ship abroad very much larger quantities of highly finished products—our plows, for instance.

Mr. DALZELL. Do you mean the crude materials coming from abroad?

Mr. MILES. Shipped abroad.

Mr. DALZELL. You say you would like to be relieved from duties on crude materials entering into the manufactures here; you mean imported crude materials?

Mr. MILES. No, sir; domestic materials; and to be allowed to ship abroad manufactured stuff that has from two to five times the amount of labor in it.

The CHAIRMAN. The value of imported parts of automobiles in 1907 was a quarter of a million dollars, and the value of automobiles was \$4,000,000.

Mr. MILES. This gentleman spoke as though we had shut out automobiles. We would never have had an automobile industry in this country if we had not imported automobiles.

The CHAIRMAN. The automobile business increased very materially. In 1907 it yielded a revenue of \$1,250,000. Of course automobiles are a luxury.

Mr. MILES. I feel almost like begging your pardon for appearing before you a third time, but if I can be advised an hour later as to any action in regard to the information possessed by this gentleman, I would say that he offers me a great deal of evidence that our trusts are exporting large quantities of stuff at 20 to 40 per cent less than they are charging our domestic consumers, and he says, "I can not appear. You appear for me."

The CHAIRMAN. If you can do anything to bring about the appearance of this exporter before them, the committee will be obliged to you.

The list that you gave to the reporter the other day contained a number of names which were very imperfect—that is, in some cases you did not give anything except a surname, and you gave no address. If you could take this list and complete that before you go out and add any other names that you can and hand it to me or to the clerk, I would be obliged.

Mr. MILES. I gave to the reporter at the hotel a list which I thought I corrected.

Mr. COCKRAN. The chairman means that he would like to have the Christian names of these people, so that in case we want to subpoena them we can do so.

Mr. MILES. Yes, sir.

Mr. DALZELL. You have read over your own testimony, have you not, of the first day?

Mr. MILES. Yes, sir.

Mr. DALZELL. Have you furnished the names that you stated you would furnish, in answer to my interrogatory on that first day?

Mr. MILES. The stenographer called upon me at the hotel with a list, asking for certain names, and I gave him all of those, and I think this list has already been given. If it has not, I shall have to go over it with him again.

Mr. DALZELL. I just wanted to leave it to your own say so as to whether you had given the names I asked for. I have not gone over your testimony myself, so that I can not say whether you have or not.

Mr. MILES. I gave all the names that he suggested were necessary to complete the statement. I completed it so far as he suggested, and

if it is not made to your satisfaction I shall have to go back to the clerk to find out.

The CHAIRMAN. If you can complete that statement and hand it in this afternoon, please do so.

Mr. MILES. Yes, sir.

Mr. COCKRAN. When you were here before I do not know whether I made it appear or not, but Mr. Boutell, speaking to you on the question of the formation of trusts and effect of the tariff, spoke of the competition between these automobile men as an evidence that although a tariff was levied on that article of commerce no trust as yet had been formed in them. I think I asked then if it had not been the history of all these trusts that they began by just such fierce competition and then wound up with amalgamation, and I think you agreed with me that that was so.

Mr. MILES. Yes.

Mr. COCKRAN. Have you looked into the history of individual trusts—for instance, the steel trust? Do you know the circumstances that preceded the formation of the United States Steel Corporation?

Mr. MILES. Yes.

Mr. COCKRAN. Do you remember whether there was a fierce war on or threatened at that time between the producers of steel?

Mr. MILES. Yes; I think there was. We bought our steel at about half the present price, and that was supposed to be about cost to the producer.

Mr. COCKRAN. That was about the time Mr. Carnegie was projecting great works at a place called Conneaut, which never were built?

Mr. MILES. Yes; and we bought at 80 cents a hundred pounds, which was supposed to be cost; and about that time they consolidated. But I do not believe that keen competition and destructive competition exists as it used to. The advantages of forming trusts are so great, especially where the tariff is high, that people seize upon the opportunity without waiting for trouble, in advance, in the way of competition and low prices.

Mr. COCKRAN. There was keen competition between the steel producers?

Mr. MILES. Yes.

Mr. COCKRAN. And there was fierce competition between the tobacco producers just prior to the formation of that trust?

Mr. MILES. I think so.

Mr. COCKRAN. You remember there was an enormous expenditure for fascinating advertisements, which the police, I think, finally interfered to check in point of exuberance.

Mr. MILES. Yes, sir.

Mr. COCKRAN. And there were various other means of competition, which resulted finally in the formation of the tobacco company and the disappearance of that sort of competition?

Mr. MILES. Yes, sir.

Mr. COCKRAN. Do you remember any other of these great combinations which were not preceded, or were they not nearly all preceded, by just such a competition?

Mr. MILES. So far as I know.

Mr. COCKRAN. And there was competition between the sugar people before the sugar trust was formed?

Mr. MILES. Yes.

Mr. COCKRAN. And among the harvester people?

Mr. MILES. Yes; and among the harvester people.

Mr. COCKRAN. So that the weapon by which the stronger of these producers has nearly always forced others into a combination has been a fierce competition. Is not that so?

Mr. MILES. Yes, sir.

Mr. COCKRAN. And has there been any such competition resulting in a trust where there was not a tariff wall, that you know of, in this country?

Mr. MILES. Not that I know of, sir.

Mr. COCKRAN. And in fact such a competition could not be effective if there was an exterior market, and if the whole world was the base of supply, anything that might be done here by the local producers would not be decisive as to who would control the market?

Mr. MILES. If we had an open market. A world trust is almost impossible to form, I am told, and it seems so.

Mr. COCKRAN. It is conceivable?

Mr. MILES. Yes; it is conceivable.

Mr. COCKRAN. But it is practically impossible?

Mr. MILES. Yes, sir; it seems to me so.

Mr. COCKRAN. It is certainly more difficult.

Mr. MILES. Exceedingly more difficult, and beyond question it is desirable that the American Congress should require of people, if they form a trust, that they do it without the assistance of Congress and under the most difficult of circumstances; in other words, a world trust or no trust as against the American consumer.

The CHAIRMAN. Are there any further questions?

Mr. FORDNEY. You stated the other day that you represented 90 per cent of the manufacturing institutions in this country, did you not, or about that?

Mr. MILES. You asked me that question the other day, and I said no. I feel that I speak for 90 per cent, as determined by my correspondence, but I have no brief from 90 per cent.

Mr. FORDNEY. Your only authority for speaking for anybody else is through correspondence? Are you a representative, directly or indirectly, in any way by credentials that you could present to this committee?

Mr. MILES. No, sir.

Mr. FORDNEY. Of any industry?

Mr. MILES. The implement and vehicle manufacturers only.

Mr. FORDNEY. Only?

Mr. MILES. Yes.

Mr. FORDNEY. And no other?

Mr. MILES. No other.

Mr. FORDNEY. Then, simply because you wrote to the different institutions or manufacturing industries around the country and got a reply from them—in that way you claim you are their representative, is that it?

Mr. MILES. I have said several times that I am not their representative, and I have emphasized that, but I have heard from so many manufacturers that the closest approximation that I can make to their desires is that 90 per cent of them stand where I do, and I am officially and semiofficially associated with most of the large manufacturing interests through other national organizations, but I would not take a brief from any one of them in coming here.

Mr. FORDNEY. I have been in business pretty near as long as you have, and you are the only man I ever heard talk along protection lines as a protectionist as you do. I want to ask you this. I do not know as I should ask you that question, but I will, and you can answer it. I do not mean to be discourteous.

Mr. MILES. All right, sir.

Mr. FORDNEY. Are you, in your political views, a protectionist, a tariff revisionist, or a free trader, or in favor of tariff for revenue only?

Mr. MILES. I am a protectionist, according to Mr. Taft's definition, for instance.

Mr. FORDNEY. What difference is there between Mr. Taft's definition and the Republican platform adopted at Chicago?

Mr. MILES. Mr. Taft and Mr. Sherman stand for a reasonable assurance of profit to the American manufacturer.

Mr. FORDNEY. They stand on the Republican platform, do they not, and no other?

Mr. MILES. Mr. Dalzell says, as I understand, that the Republican platform means that to the difference in cost shall be added a profit to the American manufacturer; that is what I understood.

Mr. DALZELL. I simply read the platform to you, Mr. Miles.

Mr. MILES. I asked you, if I remember, if you meant plus a reasonable profit?

Mr. DALZELL. I read the platform that way.

Mr. MILES. Mr. Taft does not read it that way, as I understand from him.

Mr. DALZELL. I understand you read it that way.

Mr. MILES. Not "plus." A liberal cost, liberally estimated.

Mr. DALZELL. At the meeting of the Manufacturers' Association you made certain statements. You planted yourself on precisely the same ground as the Chicago platform, as I read it to you the last time you were on the stand. I think I have that here. There need not be any doubt about it.

Mr. MILES. There may be doubt as to what I said, but not as to that, maybe. I am a thoroughgoing protectionist, and believe that protection should be liberally figured in the interest of the American manufacturer. That is the position taken by the National Association of Manufacturers and by 15 or 20 other organizations whose names I will be glad to leave with the secretary.

Mr. FORDNEY. Were you present when the Manufacturers' Association voted to recommend a revision of the tariff and a tariff commission?

Mr. MILES. They have voted in that direction for six or eight years. I have not been present always.

Mr. FORDNEY. No; but at some particular occasion. A meeting of theirs has been referred to by Mr. Van Cleave, where he stated, as I saw in the papers, by an overwhelming majority that course was decided upon.

Mr. MILES. That was decided upon at a meeting in New York last May, with I know not how many voting in the affirmative. One man had 80 proxies in his pocket, so that I would say there were many hundreds voting in the affirmative and one negative. That was last May, in New York, and the year before that, in May, there was a numerous vote and no dissenting vote.

Mr. FORDNEY. Last year in May was the one I referred to, in New York. Now there was a gentleman here who was in the room

at the time and who belonged to the association, and he said it carried by the most narrow margin.

Mr. MILES. The records of the association and 300 men who sat in the room will tell you there was one disagreeing vote, and all the rest were in favor, so far as they voted.

Mr. FORDNEY. Maybe that one dissenting vote had the majority of proxies. Do you know anything about that?

Mr. MILES. I know he did not.

Mr. FORDNEY. You were there, and you know?

Mr. MILES. Yes; it was a man from Boston.

Mr. FORDNEY. You were there?

Mr. MILES. Yes.

Mr. FORDNEY. How many voted? How many men were present, do you know?

Mr. MILES. I could show you a photograph, and with a little care I could show you 300 present; and, as I say, one man had 80 proxies in his pocket, and there were other men that came with other proxies.

Mr. FORDNEY. How many voted? Did all present vote?

Mr. MILES. It was a good loud shout. I do not know whether every man present voted or not.

Mr. FORDNEY. It was not a yea-and-nay vote, or a written vote?

Mr. MILES. No, sir; but it goes back to correspondence where 2,000 members said yes over their signatures.

Mr. FORDNEY. They said yes to what?

Mr. MILES. To a tariff revision on the basis I am talking about; to a tariff revision and a commission.

Mr. FORDNEY. I was not present the other day when the question was asked you, and if you will pardon me, I want to ask you again if you did not attend a conference at London, a free-trade convention?

Mr. MILES. Yes, sir.

Mr. FORDNEY. What interest did you represent there?

Mr. MILES. The National Association of Manufacturers and the principle of protection to American industries. I went over there and found us blackguarded by our best customers, the English, and by the representatives of other nations, for the excrescences and unreasonable features and unprotective features of the Dingley bill.

Mr. FORDNEY. You went there to advocate protection, and you come here before a Republican protective policy and advocate the reduction of duty?

Mr. MILES. Yes; I have advocated protection in both places, a reasonable, ample protection, as necessary; and I explained in that international conference that an abominable and unnecessary duty was not a protective duty, and if they would consider the trust problem they would find what it had done to the American people. I said to them, "I thank you for permitting an American protectionist to come here before you free traders and stand up for American protection, once and forever." And I was told not to come here for the same reason, that I would not be well received. I went there to stand for an honest, reasonable, American protection, and I am here for the same purpose.

Mr. FORDNEY. And you come here now and argue for—now and forever, for once and for all, and for good—a revision downward of pretty near all schedules you have talked on.

Mr. MILES. A reasonable, fair protection to American industries on the basis of the Republican platform as interpreted by President-elect Taft and Vice-President-elect Sherman.

Mr. FORDNEY. Mr. Taft and Mr. Sherman do not construe the Republican platform any different from a Member of the House that was elected on that platform, do they? Do you know of anybody that construes it differently?

Mr. MILES. The Republican platform is construed differently by some of us here. I have one construction and Mr. Dalzell has another. Mr. Taft said in an authorized interview in Boston, which he asked me to read as expressive of his views, that he did not so understand the platform.

Mr. FORDNEY. Mr. Taft is a scholarly gentleman, and he understood it absolutely.

Mr. MILES. He did not understand the Republican platform as giving the difference in the cost and adding thereto a liberal profit; and Mr. Dalzell does understand that you add a liberal profit.

Mr. BOUTELL. Did you not state in the beginning of your testimony that your idea of the amount of protection was 150 per cent of the difference in the cost of labor?

Mr. MILES. So far as I have gone, I think it should be something like 125 to 150 per cent of the difference in cost; but you have got things that are a thousand times different in cost.

Mr. FORDNEY. Down, or up?

Mr. MILES. You have got 80 per cent of steel bars, and there is not a penny of difference.

Mr. FORDNEY. Let Mr. Dalzell read the platform.

Mr. MILES. I asked Mr. Dalzell, Does that mean "plus," and he said yes, and Mr. Taft says it does not.

Mr. FORDNEY. Let him read it, and maybe you will convert me.

Mr. DALZELL. I want to read this to you, which is reported to have been said by you at the meeting of the Manufacturers' Association, I think in May.

Mr. MILES. Yes, sir.

Mr. DALZELL. This is what you are reported to have said:

This underlying principle, which in the language of Secretary Taft requires that each tariff rate shall represent "substantially the permanent differential between the cost of production in foreign countries and that in the United States," is not to be applied in a niggardly way. Enlightened selfishness is as public as it is a private virtue. An "ample margin for safety" is as necessary in manufacturing and commercial enterprises as it is in engineering. Full allowance must be made for the contingency of bad times abroad and good times here, for "dumping," for reasonable profits, and for such stability as secures low costs and steady employment.

Is that a correct report of your language?

Mr. MILES. Yes; that is my tariff bible. I think it is fair and I think it is protective.

Mr. DALZELL. Just one word more. At the time you were a delegate to the free-trade conference in London, your fellow-delegate was A. B. Hartley?

Mr. MILES. Yes, sir.

Mr. DALZELL. Who was an outspoken free trader, and has been for years?

Mr. MILES. Yes; I think he is. He is coming before you.

Mr. DALZELL. Were you the only two delegates?

Mr. MILES. Yes, sir.

Mr. FORDNEY. I believe I understood you to say that you were opposed to combinations of capital, corporations, trusts, rather, yet that if you could form a trust on your own product you would do it in about a minute?

Mr. MILES. I said I never had had the temptation to do it.

Mr. FORDNEY. You said the other day you would, did you not?

Mr. MILES. I do not remember.

Mr. FORDNEY. I do. It struck me as very peculiar in your position that if you had the opportunity you would form a trust on your product, but you did not want anybody else to do it.

Mr. MILES. I would not expect Congress to help me form a trust. It would be my business if I formed one without the aid of Congress.

Mr. FORDNEY. Did you ever know Congress to help to form a trust?

Mr. MILES. I never knew Congress not to help form a big trust, according to my knowledge.

Mr. FORDNEY. In what way?

Mr. MILES. By shutting out foreign competition.

Mr. FORDNEY. Then you are not in favor of a tariff?

Mr. MILES. Yes; absolutely a protective tariff. But let me tell you this—

Mr. FORDNEY. Yes.

Mr. MILES. It costs about \$1 more to make rails than to make bars, and against that dollar you give \$4 protection.

Mr. FORDNEY. I never have asked you a question since you have been here but what you switched off onto steel.

Mr. MILES. An illustration would not hurt the proof.

Mr. FORDNEY. But you might hurt my feelings on the tariff question.

Mr. MILES. But as a proof, you give \$4 as against \$1.20 that it costs.

Mr. FORDNEY. No; I never was a big enough fool to give such a thing in all my life.

Mr. MILES. The Congress of the United States has done it.

Mr. FORDNEY. You are talking about Members now who are older than I am here, but I have never known such a thing since I have been a Member.

Mr. MILES. If you will look up the iron-bar schedule, you will find that the protection is about four times the difference in cost.

Mr. CLARK. To get this thing straightened out, now, politically, I understand that Mr. Fordney and Mr. Dalzell and yourself are all three protectionists; is that correct?

Mr. MILES. I do not think Mr. Fordney is from my point of view. He would shut out importations. He says he would not let an automobile come into the United States. Why should they not form an automobile trust, then? There was a man down here and he met him in the hall and he said to him, "What do you want it for; so that you can tax the people \$1,000 more on automobiles?" The man laughed. There is no other reason, so far as I can see. That is my kind of protection.

Mr. CLARK. I thought you were all three protectionists, differing in degree like the stars do, in glory. I am sorry you shut Mr. Fordney out.

Mr. FORDNEY. No; I am the principal star.

Mr. CLARK. That is what I thought myself. I was going to assign you that honor, but Mr. Miles does not. [Laughter.]

Another question. How do you figure it out that Congress ought to act as an insurance company—that is what it amounts to, exactly—to insure anybody a profit?

Mr. MILES. I say the Congress of the United States victimizes the people of the United States when it does that for anybody.

Mr. CLARK. I did not ask you that.

Mr. MILES. When they guarantee a profit.

Mr. CLARK. Wait a minute.

Mr. MILES. I am going to answer your question.

Mr. CLARK. I want you to answer the question.

Mr. MILES. When they guarantee a profit?

Mr. CLARK. Yes.

Mr. MILES. That is just what I am coming to.

Mr. CLARK. As I understand, if I can understand the English language at all, this tariff plank in the Republican platform undertakes to guarantee to the American manufacturer the difference of labor cost plus a reasonable profit. Now, the question I asked you, or which I have propounded to you because you happen to be here, is how do you reason it out that Congress should convert itself into an insurance company to guarantee a reasonable profit or any other kind of a profit to anybody?

Mr. MILES. It absolutely can not. If any Congress should do it, the American people would meet, and we would have another kind of a Congress.

Mr. CLARK. I have understood you twice to answer Mr. Dalzell's question that you are in favor not only of giving the difference of the labor cost abroad and the labor cost in the United States, but on top of that 25 to 50 per cent more than the labor cost, and on top of that a reasonable profit.

Mr. MILES. You have very much misunderstood me. In that article, which, as I understand, Mr. Dalzell objects to, I stated in the report before the Manufacturers' Association my belief.

Mr. DALZELL. I do not object to it.

Mr. MILES. I did not know. I thought you did, by implication, as I say. If it costs 90 cents to make a thing in Germany and it costs \$1 to make it in New York, if \$1 is the New York price, you have got to give the New York manufacturer 10 per cent or he must get out of business.

Mr. CLARK. What do you want to give him 20 per cent for, though?

Mr. MILES. The German's price—

Mr. CLARK. Wait a minute, now. You have taken 10 per cent as the difference. What do you want to give him any more for?

Mr. MILES. If you had not interrupted me, I would have had the complete reply out by now. You have got to give him 10 per cent or he must get out of business. Now, the German has a little cheaper freight rate from Berlin to Chicago than we have from New York to Chicago. A man will dump in a foreign country stuff at a half profit, at a price at which he could not live if he made it his universal selling price, and every manufacturer figures liberally his cost as against contingencies and mistakes and dumping and the things Mr. Dalzell quoted from my New York report. Now, 11 per cent would be the

exact difference in cost. I only ask that to that be added a fairly liberal allowance to meet contingencies, and that sort of thing. That is the very enlightened selfishness that applies to everybody in his own business.

Mr. CLARK. You wanted that, plus a reasonable profit.

Mr. MILES. I said in my statement, though, that would make the tariff on a 90-cent article about 20 per cent more, and that would make it \$1.08 absolute cost to the user for the article delivered in the United States.

Mr. CLARK. You never did answer my question.

Mr. MILES. That gives the American a handicap favorable to himself of 8 per cent. Now, if the foreigner is to make a profit, he has got to make it above that 20 per cent, above the \$1.08 cost; but to guarantee that by adding to the \$1.08 another 20 per cent, and make the difference 40 per cent, that would make the foreigner's cost \$1.30, and if he made a profit—and he would not ship goods here without a profit—the foreigner would have to ask \$1.50 for an article that costs in New York only \$1 to make, and if New York was a trust proposition, you would have a guaranty, absolute, at the expense of the American consumer, of a big profit to every trust; and you might as well write on every certificate of stock and every bond that the Government of the United States is behind this trust by a guaranty of its profits, of its interest and its dividends.

Mr. CLARK. That is precisely what that tariff plank in the Republican platform proposes to do.

Mr. MILES. If it does, it is absolutely shameless from the standpoint of American protection; but Mr. Taft says it does not mean that.

Mr. CLARK. I say so, too.

Mr. MILES. That is why I am not the same kind of protectionist as some other gentlemen.

Mr. CLARK. We agree on that proposition.

Mr. DALZELL. There is no difference between Mr. Dalzell and Mr. Taft.

Mr. MILES. If you mean plus, Mr. Taft does not mean plus. Mr. Taft told me so.

Mr. CLARK. Mr. Taft has said this, and said it repeatedly, that he was in favor of the difference in cost and a reasonable profit. I have not got his speech here, but I am just as certain he said that as I am that I am living.

Mr. DALZELL. Of course he did, a number of times.

Mr. CLARK. What I wanted is to ask you a question and have you answer. You are a very agreeable and luminous talker, but what I want you to do is to answer me that question—why the Government of the United States should attempt to act as an insurance company to insure anybody in any business a profit.

Mr. MILES. It can not do it.

Mr. CLARK. That is exactly what they propose to do.

The CHAIRMAN. That is the very question—whether anybody has ever proposed that the Government should ever become an insurance company to insure profits or insure wages.

Mr. MILES. May I make a distinction there?

Mr. CLARK. Wait a minute. If that plank in the Republican platform, illumined by Mr. Taft's speeches, does not mean that, it

does not mean anything. Another question: Where do you live; in Michigan?

Mr. MILES. In Wisconsin.

Mr. CLARK. You do not happen to be from Brother Fordney's district. Have you any knowledge during the recent campaign that the tariff was played both ends against the middle; that in certain districts they said it was for a revision of the tariff up, and in certain other neighborhoods they said it was what you are clamoring for, and what I am, a general revision of the tariff downward? Do you have any information on that subject or not?

Mr. MILES. No, sir; and I am not for hacking at schedules simply to get them down, by a long shot.

Mr. CLARK. I never asked you that. I asked you what was done during the campaign with the tariff plank. I would not have brought it in if the rest of you had not.

Mr. MILES. May I just say a word about this business of a guaranty of a profit?

Mr. CLARK. Yes.

Mr. MILES. If you add to a liberal difference a profit, you might as well draw checks on the United States Treasury in favor of trusts, because the trust controls the domestic market, and when you say it may add it does add, and there is the government guaranty, and the consumers' money is handed to them by act of Congress. But here is the distinction. You could not add to my profit by an act of Congress, by any act you could pass, because I am on the competitive basis, and I consulted the Census Bureau and others, and about four-fifths of the manufacturers in the United States are on the competitive basis; so that if you say you guarantee profits, you do not, because you can not guarantee profits to the vast majority of competitive manufacturers. They can not take advantage of your very gracious permission, but the trusts alone can take advantage, and will. So that it is only a trust proposition.

Mr. CLARK. Now; here is the difficulty about it. Mr. Dalzell reads the Republican platform and he states what Mr. Taft says, and says Mr. Taft says the same thing that the Republican platform says. Then you come in and take that same platform and Mr. Taft's speeches, and say that he does not mean the same thing. Then you are against the trusts, and so am I. You say that the high rates make the trusts, and yet you come in here yourself with a proposition that anybody may form a trust inside of this tariff wall with. Now, if they can not form a trust when they get the difference of labor cost, as you construe it, 125 or 150 per cent of the labor cost, with this reasonable profit on top of it, I do not see what the tariff has to do with the trusts.

Mr. MILES. I stop away below you. I give them simply an enlightened difference of labor cost, and simply dumping and questionable items that you give them yourself, and I do not add any reasonable profit, and Mr. Taft does not do it.

Mr. CLARK. But you say that you are in favor of this Republican tariff plank as construed by Mr. Taft.

Mr. MILES. I do that because Mr. Taft says, "If you want to know what I believe about that, read my interview in the Boston Herald," and there he says he does not add a reasonable profit. There I stand between. I am one kind of a protectionist, and not another.

Mr. FORDNEY. He told me he did believe in adding a fair profit to the difference of cost between here and abroad. Now, what have you got to say about that?

Mr. MILES. I know he means what I have said. There is a difference in understanding of his statement. But it is written in the Boston Herald, and I think he told me to go there and read it, and perhaps that is a pretty good place to read it.

Mr. FORDNEY. Perhaps he had not read it himself.

Mr. MILES. He told me to go there and read it.

Mr. FORDNEY. I believe Mr. Taft when he tells me a thing.

Mr. COCKRAN. You are not here to interpret Mr. Taft.

Mr. MILES. No.

Mr. COCKRAN. Mr. Taft can speak for himself.

Mr. FORDNEY. The other day we took up the question of automobiles. You were in favor of reducing the duty very much on automobiles. Here is a little pocketbook that I just purchased a few moments ago over in the House stationery room.

The CHAIRMAN. Mr. Fordney—

Mr. FORDNEY. Yes.

The CHAIRMAN. Have you any idea that you will convert Mr. Miles to your way of thinking?

Mr. FORDNEY. No; not at all.

The CHAIRMAN. Well, what is the use?

Mr. FORDNEY. I pretty near agree with you, but I think I have him in a corner on this, and I want to demonstrate it. I will not take over a minute.

The CHAIRMAN. All right.

Mr. FORDNEY. I purchased this little pocketbook over in the stationery room a few moments ago, and that is made in Germany, with a picture of the Capitol of the United States on it, and brought over here and sold in the capital of the United States. Can you account for how that happened, why it was not made in the United States?

Mr. MILES. No, sir.

Mr. FORDNEY. As a protectionist and a man who has studied that question carefully and thoroughly, as you have, and knows the difference in the cost of labor abroad, as it has been stated, who has been abroad to investigate that question, and who knows the difference in the cost of labor abroad and in the United States, could you not tell that it is the cost of the labor, when there is not 5 cents' worth of raw material in this?

Mr. MILES. No.

Mr. FORDNEY. It is the cheap labor abroad that permits it to be brought here and sold in our capital.

Mr. MILES. Very likely you bought it because it had on it a picture of the Capitol, without reference to what it was.

Mr. FORDNEY. That does not account for it being made abroad and brought over here. I bought it, as a matter of fact, just to bring it over here and show it to you.

Mr. MILES. If you bought it for that, that is the explanation. It has caught the buyer's eye.

Mr. FORDNEY. I am the buyer, and I am not dead.

Mr. MILES. No; I say that is the reason; it caught the buyer's eye.

Mr. FORDNEY. Oh, I thought you said the buyer died. [Laughter.] No; but the idea is right here: How can an article be made in Germany, which has on it as a decoration a picture of the Capitol of the United States, and be brought back here and retailed at a store in the capital of the United States when it can not be made here and sold in competition with this article at the price it sells for at the capital? Is it not because American labor is protected and demands higher wages in the market, when there is not 5 cents' worth of raw material in the article?

Mr. MILES. Why did 20 laboring men from England come to Massachusetts for work and go back because they could not stand the Massachusetts scale of wages?

Mr. FORDNEY. They had tuberculosis and were sent back, perhaps.

Mr. MILES. No; they could not stand it.

Mr. FORDNEY. But I want to ask you about this. You do not offer any reasonable explanation. This article is sold here and you can find no reason why it can be sold here in competition with the same article made in the United States, and undersell the same kind of article made in the United States?

Mr. MILES. There are twenty different reasons, any one of which may account for it.

Mr. FORDNEY. One would be enough for me. I want one from you and not twenty.

Mr. MILES. One may be the attractiveness of the article; that is German taste, and not American taste. Then you wanted to buy it. But if it cost less to produce in Germany than in the United States, you know what I would do about it; I would amply protect.

The CHAIRMAN. Your minute is up, Mr. Fordney.

Mr. COCKRAN. Let me see if I can get a little light on this. You are a protectionist, and you would have this revision downward, as I understand you?

Mr. MILES. Yes, sir.

Mr. COCKRAN. Now, do I understand you to say that you exclude Mr. Fordney from the ranks of the protectionists because he is more than a protectionist—he is an exclusionist—that is right?

Mr. MILES. He is an exclusionist.

Mr. FORDNEY. How do you know I am an exclusionist?

Mr. MILES. Because you said you would just about shut out every foreign automobile, and I know people that are making millions on automobiles. What is the reason of raising the tariff?

Mr. FORDNEY. Now, who do you know that is making millions? How many people do you know that are making millions? Name a firm that is making millions.

Mr. MILES. Can I do that privately?

Mr. FORDNEY. No; I want you to do that here. They might not believe me if I were told privately and then went and confided the information to others.

Mr. MILES. I am told by a gentleman whom I implicitly believe—

Mr. FORDNEY. That is not the point. You said you knew. Now, I do not want to go to anybody and tell them that this was told to me by somebody else as coming to them from some other person.

Mr. MILES. Well, the proprietor of an automobile factory told me that one-half of the present duty was all that he had any use for. That was Captain Mitchell, of the Lewis-Mitchel Company.

Mr. FORDNEY. That is not the question at all. Do you know what it costs to make an automobile in this country, and how much profit he has made on that particular machine?

Mr. MILES. In general terms, yes; specifically, no. I am not an automobile manufacturer.

Mr. FORDNEY. Then do not say that you know an automobile factory where there are thousands of dollars made on a machine.

Mr. MILES. I have a telegram from D. M. Perry that 30 per cent is all he wants on automobiles, and you are here asking for 60.

Mr. COCKRAN. Let me see. I want to get a few of your answers straightened out. I think that you intend to be perfectly frank with the committee. You speak of your opposition to these high duties not as an antiprotectionist, but because you want to have the duties made reasonably protective?

Mr. MILES. Yes, sir.

Mr. COCKRAN. What you are opposed to, as I understand it, is what you consider duties simply prohibitory. It is to enable them to exploit the commodity?

Mr. MILES. That is all.

Mr. COCKRAN. That is the distinction you make?

Mr. MILES. Yes, sir.

Mr. COCKRAN. When you say that the tariff is of no benefit to non-competitive manufacturers and is simply used by certain trusts for the purpose of exploitation—I mean these high tariff rates of which you complain—I suppose you mean that a competition of these non-united or combined manufacturers tends to prevent the abuse of the tariff?

Mr. MILES. Yes, sir.

Mr. COCKRAN. Whereas where a combination is formed there is nothing to prevent that combination from exacting any prices that they choose?

Mr. MILES. Yes, sir; precisely so.

Mr. COCKRAN. That is the suggestion you make?

Mr. MILES. Yes, sir.

Mr. COCKRAN. I merely wanted to get some few things straightened out.

Mr. MILES. Yes, sir.

Mr. GAINES. Mr. Miles, you said a moment ago, if I understood you correctly—and by way of your answer to Mr. Fordney you indicated, at least—that a number of English workingmen had come to Massachusetts and could not stand the rate of wages, I believe you said; you indicated, as I understood you, that they got less wages than they got in England and went back to England on that account. Have you anywhere in your evidence or in the papers you have submitted given facts in connection with the transactions you have referred to, and will you give it so we can find out specifically to what extent you are correct about that?

Mr. MILES. That statement was given to me by Mr. D. A. Tomkins, a splendid high protectionist, who appeared before you a few days

ago. He is at the hotel and I will ask him to give you the facts tonight.

Mr. GAINES. I wish you would do so.

Mr. MILES. It is the efficiency of the day labor, it is not the day rate; it is the cost of the piece produced.

Mr. GAINES. I understand; there is no use to submit that. The rate of wages does not absolutely determine the cost of labor. I can see the point.

Mr. MILES. I have had European labor come into my shop and they could not live there on my American scale, because my American men are so much more efficient. I have had a bunch of European laborers brought to me hungry and asked if I would not employ them. I did employ them, but it was at a rate so low that I could not keep them. The efficiency of the American laborer is not sometimes appreciated. Mr. Sargent, deceased, who was the head of the J. B. Sargent Hardware Company, said that he could go abroad and get readily those of his products that included the high wage per cent of American labor. That is my experience in my shop.

Mr. GAINES. What you have said about employing European workmen in connection with what you said, you could not find the rate of wages so low that you could afford to pay them, is important in connection with the question of labor cost. Now, will you tell me what you employ those men to do?

Mr. MILES. I was asked to put them around in my establishment anywhere I could.

Mr. GAINES. In this same kind of employment which they undertook, in which they were so much less efficient than similar Americans could afford whom you paid, their labor cost you more?

Mr. MILES. Their labor was in my machine shop. When they come into these American machine shops we could not afford it, and I could pay the American man two and three times the rate.

Mr. GAINES. Is it not a fact that men who are not accustomed to machines and do not operate them could not operate them as well as a man who is accustomed to it?

Mr. MILES. Yes, sir.

Mr. GAINES. Just as a man who does not know how to run an automobile until he learns it?

Mr. MILES. Yes, sir.

Mr. COCKRAN. So it is just inefficiency from the lack of familiarity, or was it inefficiency that you considered inherent?

Mr. MILES. It was partly lack of familiarity and partly inherent or hereditary; their motions are slower. We have men in our shops who are just as efficient as the men behind the guns at Manila, and they would like to get a crack at foreign trade where the Americans got a chance at the enemy. I do not believe we appreciate the wonderful efficiency of the American laboring man, and I do speak for him when I say I want foreign trade and a better chance to get it.

Mr. FORDNEY. Do you fully appreciate the American protective policy?

Mr. MILES. You could meet the difference in cost amply. That is all I do appreciate in the American policy, and that is sure.

The CHAIRMAN. If no other members of the committee have any questions to ask, we will excuse Mr. Miles.

STATEMENT OF W. A. GRAHAM CLARK, OF THE BUREAU OF MANUFACTURES.

Mr. CLARK, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. You are employed in the Bureau of Manufactures?

Mr. CLARK. I am a special agent in the Department of Commerce and Labor, Bureau of Manufactures.

The CHAIRMAN. What is your full name?

Mr. CLARK. W. A. Graham Clark. I am one of the six men who are employed by our department to investigate commercial conditions in foreign countries, and my line of work is textiles. I have just returned from a twenty-eight months' trip, having been investigating the markets for cotton manufactures in Asia and the methods of cotton manufacturers in Europe, and for the last two months I have been working specially on getting information from the English wool mills in regard to their cost of manufacture for the use of this committee, and it was thought that it might be best for me to come before the committee and give you gentlemen a résumé of what I found, and you can question me on any special point that you desire.

Mr. UNDERWOOD. If you can do so conveniently, will you just state the names of the schedules that you are talking about as you come to them, so that we can follow you?

Mr. CLARK. I am not a tariff expert, and I am not speaking on the tariff at all. All I am here for is simply to speak about the English wool industry and the cost of English wool manufacture. Three hundred and forty-eight to 383 is the wool schedule. But I am not here as a tariff expert, as I have said, but simply as a textile specialist and to give you the results of what I found abroad. I understand that the main thing that will be desired of me will be to say what is the difference between the English systems and the American systems; what advantage they have over our manufacture.

Their advantages in brief are cheaper first cost, cheaper money, cheaper wool, cheaper labor, cheaper power, cheaper supplies.

Our machinery and costs of building are higher than in England by at least a fourth. Then in obtaining money to start the mill they pay $4\frac{1}{2}$ per cent where we pay 6 per cent. Our very big manufacturers can possibly get money at 4 per cent; theirs similarly at not over 3 per cent, possibly less.

After building the mill the first requirement is raw material, and here is their main advantage. We will pay 50 to 60 cents a pound for wool when they will pay 25 to 30 cents.

I am not here to advance any theories in regard to the tariff, but only to state facts, and it is a question for this committee to decide whether it is more important to maintain our woolgrowing industry or to have cheaper goods. I simply state it as a fact that high clothes are due more to high wool than to high wages. Wool makes up 60 per cent of the cost of the goods, as against 20 to 25 per cent for wages. Any difference in the cost of the raw material has a much greater proportionate effect on the cost of the finished article than a similar difference in wages. Thus, a 50 per cent decrease in wool would make the cloth 30 per cent cheaper, while a 50 per cent decrease in wages would only make the cloth $12\frac{1}{2}$ per cent cheaper. The different wools vary so in quality that a cost comparison between

England and America is difficult to make. In London in 1907 fine greasy Australian crossbred wool averaged 30 cents a pound, and in Boston similar wool from Pennsylvania averaged 68 cents a pound, which gives some basis of comparison.

In regard to wages, from information gathered in Italy, France, England, and the United States I have figured up the comparison as follows:

	Italy.	France.	England.	United States.
Sorters	\$4.60	\$6.40	\$7.80	\$12.50
Washers or dyers.....	3.00	4.25	5.00	7.00
Carders	2.30	4.00	3.90	6.00
Gill boxes	2.30	3.70	3.00	6.00
Comb minders.....	2.30	3.70	3.00	6.00
Boos spinner	7.00	9.25	12.00	18.00
Mule spinner.....	5.80	6.20	7.80	9.50
Ring spinner.....	2.30	4.00	3.00	6.00
Weavers.....	3.00	4.60	4.00	9.00
Fullers and pressers.....	3.50	4.25	6.00	7.00

If we assume the wages in the United States at 100, this would give the English wages at about 50; the French, say, 45, and Italian 33, but this can only be general; for instance, in some cases the French operative gets more than the English. In general, however, their wages are less. The English wool operative is paid less than the English cotton operative, which is due to various causes, principally to the fact that there is a larger proportion of women in the wool mills, and these mills are more scattered, so that there is little organization of workers, and the industry is so complex and changeable that even if organized it would be difficult to secure any uniform scale of wages. Cotton manufacturing is a standardized industry, but wool is not, and it is not only divided into the totally different branches of worsteds, woolens, and shoddy, but is much more subject to the vagaries of fashion.

Their cost of power is less than ours. Theirs is about two-thirds of a cent horsepower an hour, while ours is about 1 cent a horsepower an hour. They figure on £3 10s. (say \$17) a horsepower a year, while our average cost will be about \$30 a horsepower a year. They get coal at about 9 shillings (\$2.19) a ton, where we would pay nearer \$3.50. Our higher cost of coal is mainly due to our mills being more scattered and farther from the mines, but our first cost of steam plant is also higher.

Another advantage mentioned was cost of supplies. Besides ordinary supplies, wool mills use large quantities of dyes and chemicals, which have to be imported. Belting and general supplies are also higher in the United States than abroad.

These are the main differences and show that in general everything that enters into the cost of manufacture of woolen and worsted goods is cheaper in England than in America.

It is due to above facts that a suit that costs \$35 in New York can be bought for \$30 in Brussels and for less than £5 sterling in Leeds. That is, a suit of clothes that will cost you between £4 and £5 in Leeds will cost you \$35 here. The different tailors charge different profits, but I think that, as a general thing, is as near as you can get at it.

Mr. LONGWORTH. Do you mean ready-made clothes?

Mr. CLARK. No; for a suit made to order. In regard to the equipment of the mills, I will say that there is practically no advantage either way, except that theirs is an older industry than ours, and they usually have more old machinery. Ours are newer and have more new machinery, but taking a new mill there and a new mill here, we have practically no advantage in the machinery. It seems that in Yorkshire they do run a little higher speed than we are accustomed to do here. On the Continent they do not.

Mr. POW. You mean that there is no difference in the cost of machinery?

Mr. CLARK. No; I was speaking of the operation, the speed of the machinery. They run a little faster. They run a loom a little bit faster than we do. In regard to efficiency—and I have seen that has been mentioned here often—that is a point that is very difficult to speak of, but I do not think there is any great difference in efficiency except in this way: You take a man who makes wide woolens on 84-inch looms. One man runs one loom in England and one man runs one here, and the English loom runs at a slightly higher speed, so that his efficiency is probably slightly greater than ours. Then take ladies' dress goods, for instance—the 42-inch stuffs that they make at Bradford, with cotton warp and worsted filling—and a girl at Bradford will run from two to three looms, usually two looms, whereas our mills run three looms. In this instance we have an advantage, because the productive efficiency would depend largely upon the number of machines and the speed they are run at. As a whole, I do not think the difference in efficiency between the English wool worker and the American is great.

Mr. POW. Before you leave that point I would like to ask you if you made an investigation as to the relative difference in cost of cotton-mill machinery in the United States and in England?

Mr. CLARK. Not as to cotton-mill machinery. I was only working on wool. I was working on the jute industry in Scotland when I got orders to go into this business. I did not go into anything in England except jute and wool.

Mr. POW. Is there any difference in price in the machinery used in the manufacture of wool?

Mr. CLARK. Their machinery is cheaper than ours by one-third to one-half. The wool industry is so complex that you can hardly average the machinery, but I should say about one-third less, and that makes the first cost of their mills considerably less.

In regard to the materials used in the wool industry, the figures for Great Britain and the United States are as follows:

	United States Government Prod. census, 1905.		English estimates, 1907.	
	Value.	Per cent.	Value.	Per cent.
Wool and hair	\$648,881,691	65	\$640,300,000	68
Shoddy	191,261,998	19	210,000,000	22
Cotton	102,743,256	10	125,000,000	12
Others (silk lining, jute, etc.)	58,446,835	6	60,000,000	6
Total	1,001,333,775	.....	1,035,300,000	.....

Worsted mills use little shoddy, as compared with woolen mills.

The per capita consumption of wool is increasing in the United Kingdom, and is not increasing in the United States.

Since 1890 the raw wool retained for consumption in the United States (Statistical Abstract U. S., 1907) has been as follows:

	Total per capita.	Foreign.		Total per capita.	Foreign.
	<i>Pounds.</i>	<i>Per cent.</i>		<i>Pounds.</i>	<i>Per cent.</i>
1890	6.03	27.0	1899	4.51	19.2
1891	6.44	30.8	1900	5.72	34.4
1892	6.75	33.1	1901	5.18	24.9
1893	7.10	35.7	1902	6.07	34.1
1894	5.13	14.2	1903	5.74	37.8
1895	7.39	40.0	1904	5.66	37.0
1896	6.98	45.0	1905	6.52	45.5
1897	8.40	57.8	1906	5.88	59.6
1898	5.44	32.8	1907	5.81	40.0

This shows our present per capita consumption of wool to be a little more than that of 1894, but less than that of 1893, and to be 30 per cent less than that of 1897. Cotton is being increasingly used in wool manufactures, and whereas hosiery and knit goods were formerly made of wool, so that the census classification incorporated them in the wool list, they are now separately listed, as over three-fourths of the American hosiery and knit-goods trade is now cotton. Part of this is mixed with wool and part used straight. The use of shoddy in wool manufacture is increasing, and now amounts to a fifth of the total materials used in the wool trade, and, considering only animal fibers used in America, about 30 per cent is now re-worked materials—that is, shoddy.

The increasing use of shoddy in the world is a sign of the increasing industrial efficiency of mankind, as is the use of cotton-seed oil and other by-products. It should be noted that the agitation against shoddy on the ground that it might spread disease has not the slightest basis in fact. Even when the rags are not carbonized before use, the cloth after weaving is subjected to so much heating and scouring that there can be no germs remaining. An official investigation into the Yorkshire shoddy trade by the British Government found that among the thousands of workers handling rags from all over the world there had never been a case of contagious disease, so it is not classed by the British Government as a dangerous occupation, while sorting mohair and camel's hair is, this latter being due to the liability of the sorter to contract anthrax. Shoddy should be sold on its merits, but as such it is a valuable addition to the clothing supply of the world.

In 1905 the production census showed that we imported 9.7 per cent of our total requirements of cotton goods, 19.1 per cent of our total requirements of silk goods, and 4.4 per cent of our total requirements of wool goods. Our exports of cotton manufactures have decreased, while our imports of cotton manufactures have increased, so that we now import about 15 per cent of our requirements of cotton manufactures, but our imports of wool manufactures still form less than 5 per cent of our total consumption.

In 1905 our census showed that of the total production of cotton goods 19.1 of our requirements were silk goods and 4.4 of our re-

quirements were wool goods. We now import about 15 per cent of our requirements for cotton goods and less than 5 per cent of our requirements for woolen goods.

Mr. FORDNEY. How was that statement?

Mr. CLARK. We import about 15 per cent of our requirements of cotton goods and less than 5 per cent of our requirements for wool goods. Our imports for the last year were about \$22,000,000 in round numbers, and in 1905 the census showed that the production of wool in the United States, of wool manufactures, was \$380,000,000.

Mr. HILL. In the woolen goods do you include women's dress goods?

Mr. CLARK. Yes, sir; the total wool schedule is about \$22,000,000. In 1905 the production census showed that our production of wool was \$380,000,000, and since then we have probably increased to \$400,000,000, and \$22,000,000 is less than 5 per cent of \$422,000,000.

Mr. HILL. You say that the use of wool in Great Britain is increasing and is not increasing here?

Mr. CLARK. No; the per capita consumption. The tables that are made up by the Bradford Chamber of Commerce of the per capita consumption in Great Britain shows an increasing use of wool in England. The United States statistical abstract for 1907 gives the figures with regard to both of them here, and shows that our per capita consumption of wool is not increasing in this country.

Mr. LONGWORTH. Do you account for that because the population is increasing more rapidly than the production of wool; is that the reason for that?

Mr. CLARK. That is per capita, you see.

Mr. LONGWORTH. That is what I mean.

Mr. CLARK. I do not know how to account for it, but it is shown by the statistics. But one thing is sure, we are using a larger proportion of cotton and a larger proportion of shoddy every year.

Mr. LONGWORTH. Do you mean that the fabrics that were formerly made almost entirely of wool are now made of cotton, shoddy mixed with wool?

Mr. CLARK. Yes, sir. In the 1895 census of production, and I think in the census of 1900, mixed goods and hosiery were put under the wool schedule by those censuses, because they were nearly all of wool. In the 1905 schedule they rated them in detail, and they went under a separate heading because of the knit goods and hosiery now made in the United States two-thirds are cotton, where formerly the census considered them as all wool.

Mr. LONGWORTH. How is that sold, as wool or cotton?

Mr. CLARK. Part is sold straight as cotton, but there is a large amount which is sold as wool.

Mr. LONGWORTH. The purchaser thinks he is getting wool, but he is mostly getting cotton?

Mr. CLARK. Yes, sir; sometimes they will put in cotton one way and the wool the other; sometimes they mix the cotton and wool together in the yarn.

Speaking of the matter of cotton goods, I understand that you are working simply on the wool schedule, but, if you will pardon a digression, I will say that last year (1907) we imported \$79,000,000 worth of cotton goods, of which \$41,000,000, or over one-half, were lace and embroideries. There is not a lace machine made in the

United States, and we put a duty of 45 per cent on lace machines. I would like to bring it to the attention of the committee that this is protection for the foreigner, and, whether the committee believe in protection or not, or what degree of protection, they certainly do not believe in protecting the foreigner. A duty of 45 per cent on lace machines, which are not made in this country, is an invitation to the foreigner to increase his import in lace to this country.

In regard to wool goods, I think it may be of some interest to exhibit a specific sample to the committee and show the duty on the different materials which compose this sample. This [indicating] is a plain worsted coating made at Huddersfield, in England. That is the town in England where they make the fine worsteds, mainly trouserings and coatings. This a plain worsted coating made at Huddersfield.

This cloth is finished 60 inches wide with 78 ends of 2/44s worsted warp, and 72 picks 1/20s worsted weft per inch. Cloth weighs 16.15 per yard (37 inches by 60 inches), or 0.59 pound per square yard. This cloth was made from Port Phillip wool. From 100 pounds greasy wool was obtained 46 pounds tops, 6 pounds noils, and the spinning waste amounted to 7½ per cent.

The wool at various stages of manufacture had the following value and the following would be the duty on same:

	Price in Hudders- field.	Tariff para- graph.	Equivalent ad valorem duty.
	Cents.		Per cent.
Greasy Port Phillip wool.....per pound..	24.3	357	45.3
Noils.....do.....	32.3	362	61.9
Scoured wool.....do.....	48.6	354	67.9
Tops.....do.....	52.6	366	133.6
Waste.....do.....	16.0	361	187.5
Warp yarn, 2/44s.....do.....	66.6	365	97.8
Weft yarn, 1/20s.....do.....	59.6	365	104.6
Finished cloth.....do.....	95.0	366	101.3

The above cloth cost 90.9 cents a yard (37 by 60 inches) to manufacture, which is at the rate of 88 cents per pound. It sold for 95 cents a pound at the mill. The noils and waste above are not used in this finished cloth, but I include their cost in this table for comparison, as they form a constituent part of the original greasy wool. This sample costs 88 cents a pound to manufacture and is sold at the mill at a price equivalent to 95 cents a pound.

Mr. COCKRAN. That is in England?

Mr. CLARK. Yes, sir; and on that selling price of 95 cents a pound the duty is 101.3 per cent. The duty on the yarn in this cloth is higher than the duty on the cloth itself, and the duty on the tops is much higher than the duty on the scoured wool. I could elaborate that point if it was desired. The scoured wool costs 48.6. The commission cost of combing is only 4 cents a pound. If you give a man that, he will return you the wool and only charge you 4 cents a pound for the work. So it has only increased in value about one-twelfth, and the duty is more than doubled.

Mr. CRUMPACKER. Is there any waste?

Mr. CLARK. There is very little, I should say, only about one-half per cent. You take the wool and comb it out, and the long fibers that

are left are the tops and the short fibers are the noils. The tops are used for worsteds, and the tops go to the woolen manufacturers. The noil is not waste. It is less in price than the tops, but the noil is worth more than the greasy wool from which it is made. In old times they used to hang up the wool and comb it out with hand combs, and what was left at the top was called "tops."

Mr. Pou. Where did the word "noil" get its name?

Mr. Clark. I do not know; it is one of those peculiar English names.

Mr. Fordney. You are going to leave that paper with the committee, are you?

Mr. Clark. Yes, sir. I obtained 18 specific samples when I was in England of goods, showing the detailed cost of manufacture of each one. I have a worsted mill figured out from start to finish, giving the cost of each machine, the operatives, and the wages, and also similar data for a shoddy mill, but what you want, I understand, is an exact comparison. One of the largest manufacturers in Bradford told me of an American mill that made cloth similar to that he made, and since returning to America I have gotten this mill to give me their cost. On the other fourteen I have the English cost of manufacture, but not the American. If I were to go to the American mills I could probably get it. But take this sample here, which is one of the Bradford stuffs, made with cotton warp and worsted filling. Their total cost of manufacture is 16.6 cents per yard and our cost is 26 cents. The difference of cost in that sample between England and America is 67 per cent; that is, it costs 67 per cent more for us to make it than it costs them. The duty is 104.8 per cent.

Mr. Gaines. Do you give those in actual costs as well as percentages?

Mr. Clark. Yes, sir; I will give it in detail if you wish.

Mr. Crumpacker. Will you read that?

Mr. Clark. Certainly. Take the first one here. That cloth is made with a cotton warp and worsted filling, and is one of the specialties of Bradford. It is 42 inches wide.

Mr. Longworth. What does that go into?

Mr. Clark. Women's dress goods and the manufacture costs them—that is, one yard in England—I have not the complete wage cost throughout on that because the worsted industry is a very special industry, and it is very often that a man will take one thing and make the cloth from it and the other buys his cloth and makes his yarn.

Mr. Cockran. Where was that purchased?

Mr. Clark. That was purchased in Bradford, England. In 1 yard of that yarn cost—that is, the price by the manufacturer—was 9.3 cents a pound. The same yarn bought in America cost 15.4 cents, and the weaving wage was 1.3 cents a yard in Yorkshire, while in the United States it was 6.4 cents a yard.

Mr. Cockran. One and three-tenths as against 6.4?

Mr. Clark. Yes, sir.

Mr. Longworth. How do you get that?

Mr. Clark. It is the weaving wage, not the total wage, and in this case it shows five times as much, which is rather an abnormal pro-

portion; the usual proportion is double. That is what is given by the manufacturers. I can give their names to the committee.

Mr. COCKRAN. Do you mean that their scale of wages is for piecework; are they paid by the piecework?

Mr. CLARK. Part of it was by piecework. In the weaving they are paid by piecework, but in a great many things they are not paid by piecework, but the wages in England and the wool industry in Yorkshire is just about one-half or a little under one-half of ours. The weaving wage difference is greater.

Mr. COCKRAN. Greater where?

Mr. CLARK. Greater here, of course.

Mr. COCKRAN. Greater than the proportion of what?

Mr. CLARK. Greater than the proportion of carding and spinning cost. If you want to go into details, in Huddlesfield they can run one loom 84 to 90 inches wide on woolens and some wide worsteds, and the weaver will make about 20 shillings a week; some will make as high as 25, and 25 shillings a week is about \$6. In Bradford a girl usually runs two looms on narrow stuff like this [indicating], and the wages are about 15 shillings a week, which is about \$3.75. In this country a weaver will make \$9, or average \$9, and the average for Huddlesfield and Bradford will be about \$5. As against that \$5, the weaver here gets \$9, but take this stuff [indicating], and he gets \$3.75 where our weaver will get \$9.

Mr. COCKRAN. Three dollars and seventy-five cents a week?

Mr. CLARK. It is 15 shillings—that is about \$3.75—but a good weaver on that here will make at least \$9, possibly up to \$12.

Mr. LONGWORTH. Even that does not make such a great disparity in the two costs according to the figures you give.

Mr. CLARK. No, sir; it does not. It is about two and one-half times.

Mr. CORCORAN. It is more than four?

Mr. CLARK. Besides, the weaving wage—that is, the wage entering into a weaving mill—includes not only the operatives that run the looms, but the subsequent operations up to the finished cloth.

Mr. GAINES. I do not understand that statement.

Mr. CLARK. The weaving wage here does not refer to the wage per yard paid the weaver, but it refers to the wage per yard paid from the spinning to the finished cloth, including weaving, scouring, finishing, perching, mending, baling, etc. This is an abnormal difference; it does not look reasonable, but it is according to the facts furnished me by two large weavers, one in Yorkshire and one in America.

Mr. GAINES. What was that total cost?

Mr. CLARK. One and three-tenths in England and 4.6 here. That is the weaving wage.

Mr. LONGWORTH. That is only that particular product?

Mr. CLARK. Yes, sir. Then, in England on this cloth all the other costs beside the cost of yarn and the weaving wage amounts to 5 cents. In our case it is 4.2 cents, which shows less in the United States in that particular case.

Mr. COCKRAN. Do you mean the labor cost?

Mr. CLARK. I mean all other costs.

Mr. COCKRAN. What cost would you include in that?

Mr. CLARK. All dyes and chemicals and other supplies and charges on money, interest, insurance, depreciation, and everything beside the yarn and weaving wage. I gave yarn cost first and then the weaving wage and now this third item.

Mr. COCKRAN. Does that include interest on capital and depreciation?

Mr. CLARK. Yes, sir; and the salary charge.

Mr. COCKRAN. And depreciation in the plant?

Mr. CLARK. Yes, sir; so that total cost is 15.6 cents, and ours comes to 26 cents. I will state that this difference in weaving wage does not look reasonable, except that it is greater in both of these samples in which they have a cotton warp than it is in all-wool goods.

The CHAIRMAN. Have you spoken of the greater duty on those samples of cotton warp?

Mr. CLARK. Yes, sir. As to this cloth, I give in the data submitted all the details and what the rate of duty is on the raw wool all through.

The CHAIRMAN. Those other two samples answer the description in paragraph 368:

On women's and children's dress goods, coat linings, Italian cloths, and goods of similar description and character, of which the warp consists wholly of cotton or other vegetable material, with the remainder of the fabric composed wholly or in part of wool, valued at not exceeding fifteen cents per square yard the duty shall be seven cents per square yard; valued at more than fifteen cents per square yard, the duty shall be eight cents per square yard; and in addition thereto on all the foregoing valued at not above seventy cents per pound, fifty per centum ad valorem; valued above seventy cents per pound, fifty-five per centum ad valorem.

Mr. CLARK. Yes, sir; this one is valued at more than 70 cents.

The CHAIRMAN. Which is that, the second one that you spoke of?

Mr. CLARK. Both of the first two are valued at more than 70 cents a pound.

The CHAIRMAN. So that it comes under that last bracket, 50 per cent ad valorem.

Mr. CLARK. The duty on that is 70 cents per square yard plus 50 per cent ad valorem, and it makes that duty 104.8 per cent.

The CHAIRMAN. The equivalent ad valorem is so much?

Mr. CLARK. The equivalent ad valorem is 104.8 per cent.

Mr. LONGWORTH. You say that is 15.6 cents a yard?

Mr. CLARK. Yes, sir. Take the all-wool sample here, which is a sateen, and the English cost of manufacture, the total cost, is 31.12 cents. Our total cost is 70.7 cents. In that case the difference between their cost of manufacture and ours is 127 per cent, and the duty is 115.7 per cent. The total cost will be as follows on this all-wool sateen: The cost of yarn is 22.35 cents in England and 36.7 cents in America. The cost of the yarn is really the determining factor. It is over double. Their weaving wage is 1.42 cents a pound and ours 5.83 cents.

Mr. LONGWORTH. But you just said that the cost of the material was the determining factor, and that is at the rate of 2 to 1, and the labor is at the rate of 4 to 1.

Mr. CLARK. Yes, sir.

Mr. LONGWORTH. Then, the labor is the determining factor in that particular thing.

Mr. CLARK. But the raw material is a much higher percentage of the total cost. In that cloth there the cost of the yarn is 71.8 per cent of the total cost of manufacture in England. In America the cost of the yarns in that cloth is 80.72 per cent, leaving only 20 per cent for wages and incidental expenses. In that case it is the cost of the yarn that determines the cost of the goods, and not the difference in cost of labor, although our labor shows four times higher than theirs.

Mr. GAINES. Do your tables show where the cost of the yarn comes from; of what elements that is made up—what proportion of the cost of the yarn is the cost of the wool?

Mr. CLARK. Certainly, it shows that in English figures; I have not the American figures, except for those four Bradford samples. The English figures I have given throughout. Take this sample here; the yarn cost 66.6 cents a pound and the greasy wool is only worth 24.3 cents.

The CHAIRMAN. Had you better not let him complete his other statement?

Mr. GAINES. Certainly; I was not asking him to go into something else.

Mr. CLARK. On these four samples, all I desire to show is that the difference in the cost of manufacture on the first two samples is about two-thirds of ours, and they are samples that are made of cotton warp and worsted filling. The last two samples where the cloth is all wool, their cost of manufacture is about 40 per cent of ours, and it is on the all-wool goods that they have most advantage. Where it is all wool they have more advantage, because where it is all wool we pay duty on all raw material; where it is part cotton we only pay duty on part of the raw material. I have the other samples here, but I do not know whether they are worth going into, as I have not the comparison costs; I have simply the English costs and nothing to compare them with. My report on this work is being printed now and will be ready, I suppose, in a week or two.

Mr. LONGWORTH. Can you tell us the cost of ready-made clothes in London or the large cities in England?

Mr. CLARK. No, sir; but I say you can buy a ready-made suit—

The CHAIRMAN. Let me interrupt you. I understand the Printing Office has the print of your report and will furnish it to us promptly.

Mr. CLARK. Yes, sir. I think you can buy ready-made clothes about as cheap here as you can there, but you would not get as much wool in them.

Mr. LONGWORTH. That is the point, is it?

Mr. CLARK. Yes, sir.

Mr. LONGWORTH. We have had a great deal of testimony here that while it is true that you could get custom-made clothes much cheaper in England, you could get ready-made clothes much cheaper in this country.

Mr. CLARK. You can not, of the same quality; no, sir.

Mr. LONGWORTH. There was a gentleman who came here clothed in an exhibit, his own suit, which he entitled "Exhibit A" in his remarks, and said that that suit of clothes that cost \$12.50 you could not get in English clothes of that quality for \$12.50 ready made.

Mr. CLARK. If he should go to Leeds, then he could get ready-made clothing of that quality cheaper than he could here, because it is not

reasonable that it could be made here and of the same quality at the same price when their labor cost is only one-half of ours, and they have cheaper money and cheaper first cost and cheaper power. It is not reasonable to say that ours would be cheaper than theirs.

Mr. FORDNEY. If it was the same material.

Mr. CLARK. Yes, sir; for comparison you only want to compare likes.

Mr. COCKRAN. Mr. Chairman, I suggest that this witness come back before us after we have his testimony written out.

The CHAIRMAN. That may be done. Mr. Clark is right here in the city. I think it would be a good idea to defer any further questions of Mr. Clark until we get his printed report. His statement is a pretty able one, and I think that the members of the committee would be interested in it when they came to read it, and that they would rather ask questions then than now. It is pretty hard work to get at the true scope of Mr. Clark's statement until it is in print. If he has anything to add to his statement he had better do that now.

Mr. FORDNEY. What I said was that I did not think he was through with his statement.

The CHAIRMAN. Have you finished?

Mr. CLARK. Yes, sir; I just wanted to make a general statement before you, and then if there was any questions the committee wanted to ask I could then answer.

Mr. DALZELL. All you have stated here will be included in that and the report too.

Mr. CLARK. Yes, sir; the report includes all.

Mr. COCKRAN. For whom did you conduct these inquiries; were they on behalf of the department?

Mr. CLARK. Yes, sir; certainly. I am an agent of the Government, connected with the Department of Commerce and Labor.

Mr. RANDELL. When will we get that report?

Mr. DALZELL. It is in print, ready for proof now, as I understand.

The CHAIRMAN. The proof is ready; I do not know whether you have seen it, Mr. Clark.

Mr. CLARK. No, sir; I have not seen it.

The CHAIRMAN. As soon as it is printed the committee will take it up and we will ask you to come before the committee again. I think it would only be a waste of time to proceed now.

Mr. BOUTELL. In getting that information did you ask your department whether they had any knowledge of the legislative history of the exclusion of those embroidery machines to which you refer?

Mr. CLARK. I asked Mr. Stone if there was any exception to the machinery law to let in lace machines, and he said no. I am not concerned in the tariff, but as a textile man I should say that they ought to be allowed in free, at least until we make them here.

Mr. BOUTELL. This committee would like to have any knowledge about that exclusion that they have got.

The CHAIRMAN. I don't suppose Mr. Clark would know anything about it.

Mr. BOUTELL. I say, would the department know anything about it?

Mr. CLARK. We know they are excluded now.

Mr. HILL. They are under the general provision of iron, steel, and other metal dutiable at 35 per cent. There is no exclusion about it.

Mr. CLARK. No, sir; it is just a general clause.

Mr. BOUTELL. Paragraph 193 they simply wanted to put on the free list.

(Mr. Clark was thereupon excused.)

STATEMENT OF J. A. DELFELDER, OF LANDER, WYO.

The CHAIRMAN. Are you a woolgrower?

Mr. DELFELDER. I am a wool farmer. There is a difference between a woolgrower and a wool farmer. I live at Lander, Wyo. Judging from a remark that was made here this morning, I have reason to believe that there are certain members of this committee that are desirous of getting into the sheep business in the best State in the Union.

Mr. COCKRAN. That was the chairman, I suppose.

Mr. DELFELDER. The chairman, in particular, and on behalf of the woolgrowers of Wyoming I extend to him a most hearty welcome to become one of us. While we may not have the best State in the Union, last year we—

The CHAIRMAN. I want to state right there that you corrected me when I said wool grower; you said wool farmer. Now, I see that you use the term "wool grower."

Mr. DELFELDER. The woolgrower is secretly becoming the wool farmer.

Mr. CLARK. What do you mean is the difference? Let us get it straight.

Mr. DELFELDER. A woolgrower is a man who, as our President terms it, is a "range pirate." He has no headquarters; his investment is a bunch of sheep and a team of horses, and he just drifts hither and thither with the sheep. But a sheep farmer is a sheep raiser who has headquarters, who reclaims the arid land and feeds his sheep, has a home, and develops the resources of the country.

The CHAIRMAN. That is a distinction that is often made between an agriculturist and a farmer.

Mr. DELFELDER. Something similar, yes, sir; and I want to call your attention to the fact that during the last year the wool product of Wyoming in the grease was 36,000,000 pounds. This was shorn from 4,510,300 sheep. Now, to look after this number of sheep it requires the permanent attention of 5,000 men, and at the ratio of 5 to 1 there would be practically dependent on this industry 25,000 people, and therefore in connection with this every other industry in the State is dependent more or less upon the sheep business, and, practically speaking, the industry is supporting about 50 per cent of our population, and anything that would be done that would have a tendency to depreciate the business in any way would directly affect 50 per cent of our population.

Mr. CRUMPACKER. Do these nomadic woolgrowers have families?

Mr. DELFELDER. Some of them do, but very few.

Mr. RANDELL. Do you mean families of their own?

Mr. FORDNEY. But the wool farmers do?

Mr. DELFELDER. And the cost of running these sheep the last year, taking a small outfit of my own—

The CHAIRMAN. Just take your own and tell us about it—how many sheep you have and how many acres of land and what it costs, and all the items.

Mr. DELFELDER. All right. To avoid a lot of questions that will naturally follow, I will say that I have been engaged in the business since 1894, and at the present time am the owner of about 21,000 head of sheep; that last year I had invested in this 21,000 head of sheep, ranches, etc., approximately \$150,000, and that the proceeds from that business this year netted a profit of less than $3\frac{1}{2}$ per cent.

The CHAIRMAN. This is a bad year. Go back a year or two.

Mr. DELFELDER. Well, previous to that time I was engaged in the sheep-speculating business.

Mr. COCKRAN. What is that?

Mr. DELFELDER. That is buying sheep and shipping them, holding them and selling them.

The CHAIRMAN. It is only recently that you have become a sheep farmer?

Mr. DELFELDER. Yes, sir; only in the last few years.

The CHAIRMAN. How long have you been raising sheep?

Mr. DELFELDER. Well, I have been carrying on the farming business for at least ten years.

The CHAIRMAN. You carried that on while you were speculating?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. Now you can separate your farming operations from your speculation?

Mr. DELFELDER. Yes, sir; I have quit speculating.

The CHAIRMAN. Are you a man who shears your own sheep, or have you assistants to help you, or do you pay the prevailing prices of sheep shearers?

Mr. DELFELDER. I used to try to shear my sheep, but in the last few years it has been such a long and tedious job that I have not got the time.

The CHAIRMAN. How much do you pay a head for shearing?

Mr. DELFELDER. Fifteen cents per head; that is, they are shorn by the most improved methods of machinery.

The CHAIRMAN. Do you furnish the machinery?

Mr. DELFELDER. No, sir; the machinery and the sheds and all the necessary equipment are furnished. I drive my sheep to the corral and they are shorn, the wool placed in the car and tagged, and the sheep rebranded and turned back to me, and I pay 15 cents a head for the sheep.

The CHAIRMAN. Now, how many men have you employed on your farm, and have you had for the last five years?

Mr. DELFELDER. Of course, that would vary according to conditions, etc., but my pay roll in the last year was about \$9,000.

The CHAIRMAN. Did that include all the men that you employed for taking care of the sheep?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. And dipping the sheep?

Mr. DELFELDER. No, sir; it does not include the dipping.

The CHAIRMAN. How much does it cost you for the dipping?

Mr. DELFELDER. About 3 cents per head.

The CHAIRMAN. You have figured that out, so you state that as a fact.

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. Now, do you own your land?

Mr. DELFELDER. I own about 12,000 acres.

The CHAIRMAN. And the rest you rent?

Mr. DELFELDER. Rent and lease.

Mr. LONGWORTH. It is free range?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. You have a free range?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. How much land do you lease?

Mr. DELFELDER. I judge about 10,000 acres of state land.

The CHAIRMAN. How much do you pay a head for the lease of the land?

Mr. DELFELDER. Do you mean per acre?

The CHAIRMAN. Yes.

Mr. DELFELDER. It varies from $2\frac{1}{2}$ to 5 cents per acre.

The CHAIRMAN. And what would be the average?

Mr. DELFELDER. I judge the average would be about $3\frac{1}{2}$ cents.

The CHAIRMAN. How many acres of land do you allow for sheep?

Mr. DELFELDER. Of course we have not got it figured out that way, but usually we figure on a basis of about 9 acres to 1 sheep.

The CHAIRMAN. You must have hungry sheep. Do you have to feed any?

Mr. DELFELDER. Yes, sir; in the winter time.

The CHAIRMAN. For how long a time?

Mr. DELFELDER. That depends entirely upon conditions. If it is an open winter and conditions are favorable, they require——

The CHAIRMAN. Do you raise alfalfa there?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. How much alfalfa did you feed to your sheep last winter?

Mr. DELFELDER. I judge I probably feed from 1,500 to 2,000 tons.

The CHAIRMAN. Don't you keep books?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. Would they not show the exact amount of alfalfa that you got, or do you raise it?

Mr. DELFELDER. We raise it; and that would show the amount that was paid for feed over and above what feed we raise ourselves.

The CHAIRMAN. You did buy some in addition to what you raised?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. Did you ever estimate the cost per ton of raising alfalfa?

Mr. DELFELDER. I have attempted to estimate the cost.

The CHAIRMAN. How much did you pay for what you bought?

Mr. DELFELDER. If I remember correctly, \$5 per ton.

The CHAIRMAN. What do you mean by that—if you remember correctly? What did you pay last winter for alfalfa?

Mr. DELFELDER. The price varies, but I think the average price paid last winter would be \$5 per ton.

The CHAIRMAN. You can not give us an idea of how much you did pay?

Mr. DELFELDER. Well, I do not think I paid over \$7.50 for any, and the last price that I can recollect was \$4 per ton.

The CHAIRMAN. How many tons did you feed last winter?

Mr. DELFELDER. I think we fed about 2,000 tons.

The CHAIRMAN. How much the winter before?

Mr. DELFELDER. The winter before we did not feed as much, probably a thousand.

The CHAIRMAN. Before that—I want to get at the usual quantity you fed in the winter for the last five years; the average.

Mr. DELFELDER. Taking it for five years, I think it would be safe to say that for twenty thousand-odd sheep it would be necessary to feed 1,000 tons each year.

The CHAIRMAN. Do you mean to say that that is what you have fed?

Mr. DELFELDER. No, sir; we have not fed that much, but ordinarily speaking.

The CHAIRMAN. What percentage of land to the number of sheep that you succeeded in raising?

Mr. DELFELDER. This year the increase is rather small. It was an unfavorable year, and the increase in my own output in the entire State was less than 50 per cent.

The CHAIRMAN. Go back to an ordinary year.

Mr. DELFELDER. Seventy per cent, I think, would be an average increase.

The CHAIRMAN. How many years would it run over 80?

Mr. DELFELDER. Some years it runs over 80 and some years less than 70.

The CHAIRMAN. And those rams you sell, I suppose, and keep the ewes?

Mr. DELFELDER. No, sir; generally we sell the entire lamb crop.

The CHAIRMAN. How much apiece?

Mr. DELFELDER. That depends upon the condition of the market.

The CHAIRMAN. Well, a year ago last winter?

Mr. DELFELDER. A year ago last fall we got $5\frac{1}{2}$ cents a pound for them, and the average weight was about 62 to 63 pounds.

The CHAIRMAN. You got \$3.25?

Mr. DELFELDER. \$3.50 per head.

The CHAIRMAN. A probable average of \$3.50.

Mr. DELFELDER. Yes, sir; right close to that.

The CHAIRMAN. Do you ever raise any of the lambs for mutton?

Mr. DELFELDER. They were mutton, or they would not have sold at that price.

The CHAIRMAN. What do you get for mutton, about the same?

Mr. DELFELDER. No, sir; you seem to have the impression that a lamb is not a mutton.

The CHAIRMAN. Your idea is to turn them all into mutton before they die a natural death, is it?

Mr. DELFELDER. Yes, sir; that is our intention.

The CHAIRMAN. Sometimes you get mutton from them, and that is the idea generally to turn them all into mutton before they die a natural death. So your increase nets you about \$3.50.

Mr. DELFELDER. Yes, sir; I judge so.

The CHAIRMAN. If you keep the sheep for mutton, you get the wool every year?

Mr. DELFELDER. Yes, sir; that is true.

The CHAIRMAN. How much is the average clip for each sheep of wool?

Mr. DELFELDER. About eight pounds per head.

The CHAIRMAN. About eight pounds?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. You have pretty good sheep. How much did you get for the wool a year ago—not this year, but two years ago?

Mr. DELFELDER. Eighteen cents.

The CHAIRMAN. Is 17 or 18 cents about the usual price in an ordinary year.

Mr. DELFELDER. That has been the price for the last four years.

The CHAIRMAN. Did you get that this year?

Mr. DELFELDER. No, sir; 15 cents this year.

The CHAIRMAN. Last year it was about eighteen?

Mr. DELFELDER. Yes, sir; and the year previous to that it was seventeen, and the year previous to that it was thirteen and one-half.

The CHAIRMAN. And you say at those rates you have only made 3½ per cent on the capital invested?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. And you have been at it twenty-four years?

Mr. DELFELDER. No, sir; I have been at it since 1894.

Mr. DALZELL. He said in 1908 it was 3½ per cent.

Mr. DELFELDER. Of course in the year 1907 the business paid a much better profit.

The CHAIRMAN. How much?

Mr. DELFELDER. I have not figured it out, but I judge 18 to 20 per cent.

The CHAIRMAN. In 1906 how much?

Mr. DELFELDER. I judge it paid probably 10 per cent.

The CHAIRMAN. Now, you commenced twenty-four years ago, or about that. How large a flock did you have when you commenced raising sheep?

Mr. DELFELDER. I said it was fourteen years.

The CHAIRMAN. Well, whenever you commenced—fourteen years ago.

Mr. DELFELDER. Two thousand six hundred head.

The CHAIRMAN. And your flock has increased from that to the present number?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. Have you put in any fresh capital?

Mr. DELFELDER. I have at times.

The CHAIRMAN. How much fresh capital have you put in in money, beside the earnings of the sheep or the increase?

Mr. DELFELDER. I have not put in but very little outside of what I have made out of the business.

The CHAIRMAN. So you have made your present flock out of that business in fourteen years?

Mr. DELFELDER. Yes, sir; there were times when I put in other capital, but I have taken it out.

The CHAIRMAN. So that the present flock represents the natural increase, what capital you put in and took out about balancing itself.

Mr. DELFELDER. It does.

Mr. CLARK. How does it happen that you pay more for shearing sheep in Wyoming than they do in Idaho and Utah and New Mexico?

Mr. DELFELDER. The reason for that is that the clipper is used, and it requires power to operate those clippers.

Mr. CLARK. I know, but the other men use clippers, too. I am not sure that I am right about it, but they have testified here—I do not

remember which State testified to which price—but my recollection is that they testified that they had these sheep sheared with clippers at 10 cents, and one man said 12. Now, what I want to know is how you come to be paying 15 cents?

Mr. DELFELDER. In connection with shearing, it requires bags that cost 50 cents apiece.

Mr. CLARK. I know, but it costs the other fellow as much for bags as it does you.

Mr. DELFELDER. The chances are that they have not figured the price of bags, or else they get their sheep shorn for almost half of what it costs us.

Mr. CLARK. I want to ask you two or three questions—and it seems like prying into your business, but we want the facts. You went into the sheep-farming business in 1894?

Mr. DELFELDER. Yes, sir.

Mr. CLARK. How much money did you have then, and how much were you worth in property when you went into the sheep business in 1894?

Mr. DELFELDER. Nine hundred and sixty dollars.

Mr. CLARK. How much are you worth now?

Mr. DELFELDER. That would depend entirely upon conditions.

Mr. CLARK. Well, counting the thing as it stands, of course I do not expect you to know exactly, but how much do you estimate yourself to be worth now?

Mr. DELFELDER. Well, it would be quite a bit more than that. I presume.

Mr. CLARK. You are worth over \$100,000, are you not?

Mr. DELFELDER. Yes, sir; I think that would be a safe estimate.

Mr. CLARK. Now, you have made the difference between \$950 and what you are worth now—upon which I congratulate you—of over \$100,000 in fourteen years—that is, assuming you are worth \$100,000 now, you have made \$99,050 in fourteen years out of an investment of \$950. Is that it?

Mr. DELFELDER. That is one way of putting it, but then there are a great many other things to be taken into consideration. The \$900 would probably pale into utter insignificance if other things were taken into consideration.

Mr. CLARK. What other thing could reflect any light on that?

Mr. DELFELDER. It is the trials that you have and the hardships that you have to contend with to carry on this business.

Mr. CLARK. But we all have to contend with hardships.

Mr. DELFELDER. But you take into consideration that we took these sheep from above the timber line, where you might say domestic stock had never been grazed, and graze them on forage that had gone to waste for ages and given that a commercial value.

Mr. CLARK. I know; I am not quarreling with western men. I am one myself, though not as far west as you are, and I think the cream of the country goes out there, if you want me to tell the truth about it—but what I was trying to get at is an honest statement of whether you have made practically \$100,000 off of a \$960 investment in fourteen years.

Mr. DELFELDER. It would appear that way, in one sense of the word.

Mr. CLARK. Of course you underwent hardships; adventurous, courageous, and ambitious people go out there, and you went along and took potluck with them, and you are now in a situation to rank up with rich people out West, and you made it all off of an investment of \$960 in fourteen years. That is what I was trying to get at. Now, I want to ask you this question, in conclusion: Suppose we scaled down this tariff to, say, 5 or 6 cents a pound—suppose we split it in the middle—do you not think you would go on and make a pretty good living out of it?

Mr. DELFELDER. I do not know whether I would or not, but there is one thing, I do not think I would start in with the business again as I did, for the good and sufficient reason that I would not have the credit back of me that I have under the present conditions.

Mr. CLARK. You started in the worst year, according to all the testimony here, that has struck the country.

Mr. DELFELDER. Yes; I acknowledge that.

Mr. CLARK. If you had nerve enough now, as you evidently did, to embark in the sheep business in 1894—the worst sheep year, according to all these sheep men who have been here, and sheep women, too, that has struck the country in the memory of the oldest inhabitants—then do you not think you have nerve enough left with this \$10,000 that you have accumulated to go on in the sheep business?

Mr. DELFELDER. Well, it would depend entirely upon circumstances. If I wanted to keep on doing something for nothing, yes, sir; but if I wanted to go into a profitable business I think I would seek something else.

Mr. CLARK. Is the feud still on in Wyoming between the cattle kings and the sheep kings?

Mr. DELFELDER. It is not, according to my knowledge.

Mr. CLARK. It has been settled, has it?

Mr. DELFELDER. Well, there never was any feud there to my knowledge except in the newspapers.

Mr. CLARK. Were there not a whole lot of people shot?

Mr. DELFELDER. I have been in the State a good many years, and I can not recall but one or two, and that was a good many years ago.

Mr. CLARK. I just wanted to ascertain in the interest of information. Where were you from originally?

Mr. DELFELDER. From Kansas.

Mr. CLARK. Now, I want to ask you this question: The sheep that you raise up in Wyoming are not more than two-thirds as big as the sheep they raise down in Kansas, Iowa, Missouri, and Illinois?

Mr. DELFELDER. Well, that would depend on the age—whether at a mature age.

Mr. CLARK. Take a mature age as three years; I guess sheep are grown at that time.

Mr. DELFELDER. Of course you have a few stall-fed sheep in Missouri and Kansas that are larger than ours.

Mr. CLARK. Take the average flock that would be out in Mr. Calderhead's district, I mean.

Mr. DELFELDER. Yes, sir; I think your sheep would be somewhat larger.

Mr. DALZELL. What do you want us to do—keep the tariff where it is or raise it?

Mr. DELFELDER. If there is anything done for the benefit of the industry and the country in general, I think it should be raised.

Mr. DALZELL. About how much?

Mr. DELFELDER. That is for you men to say.

Mr. DALZELL. I know; but how much? Suppose you were writing a law, how much would you raise it?

The CHAIRMAN. You would double it, would you not?

Mr. DELFELDER. That would depend upon conditions.

The CHAIRMAN. Would you not double it?

Mr. DELFELDER. No; I do not think I would double it, as far as that is concerned.

Mr. BOUTELL. How much of the \$100,000 that you have made since 1894 did you make in the first three years under free wool, from 1894 to 1897?

Mr. DELFELDER. By herding my own sheep I managed to pay expenses under free wool.

Mr. BOUTELL. So that your money making began in 1897, under the present tariff?

Mr. DELFELDER. Yes, sir.

Mr. CLARK. Mr. Delfelder, I will pay you this compliment—you are one of the most candid men that has been here yet. Is it not true that the lamb crop amounts really to 80 and 100 per cent of ewes?

Mr. DALZELL. Some years, but not on an average.

Mr. CLARK. Would it not average 90 per cent?

Mr. DELFELDER. It will not.

Mr. CLARK. Is there any reason why the ewes do not breed as prolifically in Wyoming as in Missouri and Illinois?

Mr. DELFELDER. It is not a question of the breeding of the ewes, but the climatic conditions and other conditions during the lambing season.

Mr. HILL. When did you leave Kansas?

Mr. DELFELDER. I left Kansas in 1892.

Mr. HILL. And you were two years in Wyoming before you started sheep farming?

Mr. DELFELDER. Yes, sir; I was.

Mr. HILL. You were then sheep trading during those two years?

Mr. DELFELDER. I was sheep herding during those two years.

Mr. HILL. You were perfectly familiar, then, with the business when you started in it in 1894?

Mr. DELFELDER. I was.

Mr. HILL. And you had about a thousand dollars to put into the investment to start the business?

Mr. DELFELDER. Yes, sir.

Mr. HILL. And you deliberately started in a business that you knew was not paying in 1894 when you put all the money that you had into it, did you not?

Mr. DELFELDER. Yes, sir; that is what I did. We went into the business in 1894.

Mr. HILL. Why did you go into that business if you knew it would not pay under free wool?

Mr. DELFELDER. Because I had hopes in the future.

Mr. HILL. Do you mean that it would pay in the future under free wool, or that there would be a change in the tariff and you would get the benefit of it?

Mr. DELFELDER. I had every reason to believe that there would be a change in conditions.

Mr. HILL. What did you give for your sheep apiece when you started into it and had your 2,500?

Mr. DELFELDER. Two dollars per head.

Mr. HILL. Two dollars apiece?

Mr. DELFELDER. Yes, sir.

Mr. HILL. What are they worth now?

Mr. DELFELDER. Those same sheep would sell at the present time. I judge, for \$4.50 per head.

Mr. HILL. I am glad you made a lot of money; but it occurred to me while you were giving your evidence how in the world you should have started into a nonpaying business with a full knowledge of the fact at the time you did it. Because you expected a change in conditions in the country would increase their value and give you a profit in the farming of sheep?

Mr. DELFELDER. Yes, sir.

Mr. LONGWORTH. And in the increased value of sheep?

Mr. DELFELDER. Yes, sir.

Mr. LONGWORTH. You spoke about putting the wool in the cars. How do you ship wool in the cars; in what condition? You say the clippers put it in the cars. In what condition do they get it in the cars?

Mr. DELFELDER. The wool in the first place is clipped from the sheep and is tied with a cord, each piece separate; then the fleece are tramped and packed in large bags averaging about 50 fleece to a bag and these bags will weigh about 400 pounds.

Mr. CLARK. Where is your principal market for your wool?

Mr. DELFELDER. Boston and Philadelphia have been; but the last year, this last season, our wool was sold at Omaha.

Mr. CLARK. Have you ever exported any wool?

Mr. DELFELDER. I have not.

Mr. CLARK. None at all?

Mr. DELFELDER. No, sir.

Mr. CLARK. Has any been exported out there from your section of the country.

Mr. DELFELDER. Some fifteen years ago I heard of a clip being exported.

Mr. CLARK. The reason I ask you was that I was informed that last year, I believe—at least a short time ago, some of the wool produced out there was sold in England. Do you know anything about that?

Mr. DELFELDER. I do not.

Mr. CLARK. You do not export any yourself?

Mr. DELFELDER. I do not.

Mr. CLARK. Now, do you raise the sheep principally for the mutton or principally for the wool?

Mr. DELFELDER. Well, both.

Mr. CLARK. Which is the larger item of income?

Mr. DELFELDER. The income the past year was just about the same.

Mr. CLARK. I mean as a general rule.

Mr. DELFELDER. Most generally lambs will bring you more than the wool clip.

Mr. CLARK. So that the principal item, the most important item, is the mutton, and second to that is the wool?

Mr. DELFELDER. Yes, sir.

Mr. CLARK. And they are your only two items of profit?

Mr. DELFELDER. Yes, sir.

Mr. CLARK. They are the only two?

Mr. DELFELDER. They are.

Mr. CLARK. In sheep farming out in that section of the country do they use the flocks for the purpose of reclaiming and fertilizing farm lands?

Mr. DELFELDER. They do; and they feed off the hay and grain that they use on those farms.

Mr. CLARK. You have been engaged in that as a sheep man?

Mr. DELFELDER. I have.

Mr. CLARK. And that is one item of profit, the fertilizer?

Mr. DELFELDER. Well, everything they raise is turned into the sheep. Of course we make no allowance for the fertilizer.

Mr. CLARK. What I was getting at was the information; you either do or do not manage so as to fertilize your fields where you raise forage; which is it? Do you manage to fertilize them from your sheep or do you let that alone?

Mr. DELFELDER. Oh, yes, sir; we fertilize them from the sheep.

Mr. BONYNGE. When you started in business in 1894 how many sheep did you have?

Mr. DELFELDER. Two thousand six hundred head.

Mr. BONYNGE. You only had \$960 you said?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. How much did you pay for each head of sheep?

Mr. DELFELDER. I paid \$2 per head.

Mr. BONYNGE. And you bought 2,600 head of sheep?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. That is \$5,200?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. You must have had some credit then besides the \$960?

Mr. DELFELDER. That is what I tried to impress upon the gentleman.

Mr. BONYNGE. How much money did you actually invest in the sheep business in 1894, then?

Mr. DELFELDER. Five thousand two hundred dollars.

Mr. BONYNGE. Five thousand two hundred dollars instead of \$960?

Mr. DELFELDER. He said actually.

Mr. BONYNGE. That \$960 was your own money?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. And you borrowed the difference?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. What did you pay interest on that money that you borrowed in Wyoming?

Mr. DELFELDER. Twelve per cent.

The CHAIRMAN. You paid 12 per cent and paid the principal all back?

Mr. DELFELDER. I did.

Mr. BONYNGE. What other business, if any, have you been engaged in since 1894 besides this sheep business?

Mr. DELFELDER. That has been my only business.

Mr. BONYNGE. Have you been speculating at all in the sheep business? I thought in your earlier testimony you said you had given up speculating two years ago?

Mr. DELFELDER. I mean I had been engaged in handling sheep exclusively.

Mr. BONYNGE. But raising sheep as a sheep farmer for two years only of this period of time?

Mr. DELFELDER. No; I had been raising sheep all the time, but I say I have not speculated any in the last few years.

Mr. BONYNGE. During the other twelve years you were speculating in sheep?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. How much of this \$100,000 did you make out of speculating in sheep?

Mr. DELFELDER. I think I made most of it in speculating in sheep.

Mr. BONYNGE. Now, how much did you lose of any of your sheep—what percentage of your sheep did you lose by storms?

Mr. DELFELDER. I should judge about 5 per cent.

Mr. BONYNGE. And from other causes how much did you lose besides from storm?

Mr. DELFELDER. Three per cent from predatory wild animals and about 2 per cent from natural causes.

Mr. BONYNGE. How much land did you own?

Mr. DELFELDER. Twelve thousand acres.

Mr. BONYNGE. Do you lease land from individuals besides that that you lease from the State?

Mr. DELFELDER. I do.

Mr. BONYNGE. How much do you pay for the land that you lease from the individual?

Mr. DELFELDER. That depends upon the character of the land.

Mr. BONYNGE. What will it average?

Mr. DELFELDER. I judge it will average from \$1.50 to \$2 per acre.

Mr. BONYNGE. Per year?

Mr. DELFELDER. Per year.

Mr. BONYNGE. To the State do you pay by the acre or by the number of sheep that you have on the land.

Mr. DELFELDER. By the acre— $\frac{1}{2}$ to 5 cents per acre.

Mr. BONYNGE. Do you use the forest reserve at all?

Mr. DELFELDER. I do not.

Mr. BONYNGE. You do not have any of your sheep on forest reserves?

Mr. DELFELDER. I have not.

Mr. BONYNGE. In what part of the State are you?

Mr. DELFELDER. The central part.

Mr. BONYNGE. And you have a free range outside of the land which you own of the State and individuals?

Mr. DELFELDER. Yes, sir.

Mr. BONYNGE. Do you use any of the free range now?

Mr. DELFELDER. I do.

Mr. BONYNGE. How many of your sheep have you on the free range?

Mr. DELFELDER. They are all on the free range more or less at all times—the leases and ranches; they are kept on the ranches at certain periods of the year, but they drift off to the open range.

The CHAIRMAN. You told me that you started in fourteen years ago, I think, with 2,600 sheep.

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. You put in \$960 of your own money and borrowed the balance?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. But you told me you had 30,000—

Mr. DELFELDER. Twenty-one thousand.

The CHAIRMAN. That are worth \$3.50 a piece?

Mr. DELFELDER. Yes, sir; I should judge they would be worth that.

The CHAIRMAN. At least that, are they not?

Mr. DELFELDER. They ought to bring that at the present time.

The CHAIRMAN. And you have a crop of lambs on hand yet?

Mr. DELFELDER. I have.

The CHAIRMAN. The 21,000 include the lambs?

Mr. DELFELDER. It does not.

The CHAIRMAN. How many lambs have you on hand?

Mr. DELFELDER. Ten thousand.

The CHAIRMAN. How much are they worth apiece?

Mr. DELFELDER. They ought to be worth \$2.50 a head.

The CHAIRMAN. You also told me that this was the natural increase of the flock from the 21,000 up to the point that it is now, and while you had put some money into it you had taken the money out of it that you put in?

Mr. DELFELDER. You misunderstood. It is not the natural increase of those 2,600 original sheep.

The CHAIRMAN. You conclude now that you have bought sheep outside of those?

Mr. CALDERHEAD. He said those are not the increase of the original crop of sheep. He did not keep them, probably. How long did you keep the original 2,600?

Mr. DELFELDER. I kept them as long as it was consistent to keep them.

The CHAIRMAN. I did not suppose that he had the 2,600 now. I asked you the question whether, starting in with those 2,600 sheep you have what sheep you describe now in the business. I asked you if you had put in any money outside what you made in the business, and you said you had put in from time to time some money in speculation and had drawn it out again. Now, is that true or not?

Mr. GAINES. I do not think he said he put in the money he made in speculation.

The CHAIRMAN. I asked him the direct question, if he put in any of this money that he made in speculation.

Mr. DELFELDER. Yes, sir; that is all in the business.

The CHAIRMAN. You put that in the business?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. Did you draw it out again?

Mr. DELFELDER. I did not.

The CHAIRMAN. Then you were mistaken in saying you had drawn out as much as you put in?

Mr. DELFELDER. I misunderstood your question if I led you to believe that.

Mr. BONYNGE. Is the price of sheep lower than in 1894 when you made your original purchase?

Mr. DELFELDER. Not to my knowledge.

Mr. BONYNGE. You bought when they were at the lowest price and have had the benefit of your good judgment in buying at that time and the value of the sheep has increased since then, partly for the reason that you have been able to make the money you have made out of the business, is it?

Mr. DELFELDER. It is.

The CHAIRMAN. I ask you to tell us now—you were not sworn through an oversight—but I want you to tell us now when you made any money by speculation and what you made. I want the details of the transaction.

Mr. DELFELDER. The details of the transaction—well, it is pretty hard for me to go into details.

The CHAIRMAN. Can you give me the details of any transaction where you have made money?

Mr. DELFELDER. Yes; that could be done without much difficulty.

The CHAIRMAN. Will you give it now?

Mr. DELFELDER. The details of a transaction, you say?

The CHAIRMAN. Yes.

Mr. DELFELDER. Well, I could refer you to one instance where I purchased sheep in Oregon.

The CHAIRMAN. When was that?

Mr. DELFELDER. I think that was four years ago.

The CHAIRMAN. What was that transaction?

Mr. DELFELDER. That was the purchase of 7,000 head of sheep.

The CHAIRMAN. How much did you give for them?

Mr. DELFELDER. \$3.50 a head.

The CHAIRMAN. How long did you keep them?

Mr. DELFELDER. I kept them for about ninety days.

The CHAIRMAN. What did you sell them for?

Mr. DELFELDER. Five dollars.

The CHAIRMAN. You made \$1.50 a head?

Mr. DELFELDER. I did.

The CHAIRMAN. Now, can you give us any other transaction?

Mr. DELFELDER. I could not give you the exact transaction and the exact amount.

The CHAIRMAN. Can you give us any other transaction?

Mr. DELFELDER. I can not recall any definite transaction.

The CHAIRMAN. That accounts for \$14,000, or about that, of the \$100,000 that you told Mr. Clark you had made. Now, can you give us any other transaction?

Mr. DELFELDER. I could cite you to numerous instances, if I had my books with me.

Mr. FORDNEY. You have said that you were worth, in reply to a question by the gentleman from Missouri, about \$100,000, and that you started in with \$1,000. You have been raising sheep and selling wool and mutton and sheep and buying and selling sheep for fourteen years, have you?

Mr. DELFELDER. Yes, sir.

Mr. FORDNEY. Now, what you meant by that was the money you made out of the business of raising sheep and wool and buying and selling sheep?

Mr. DELFELDER. Yes, sir.

Mr. FORDNEY. Your total wealth is what you have made in that time out of these various trades. You have cited one trade in which you bought 7,000 sheep, at \$3.50, and kept them ninety days and sold them for \$5, making a profit of \$10,500 in one trade. You have made many trades. Now, what you mean by that is that your entire wealth after a lapse of fourteen years is \$100,000. Is that right?

Mr. DELFELDER. That is all I have to show for what I have contended with for the last fourteen years.

Mr. FORDNEY. The record will show from the questions put by the chair and the gentleman from Missouri that the \$100,000 that you are worth to-day has been made out of wool, mutton, and sheep?

Mr. DELFELDER. It has not.

The CHAIRMAN. I did not ask him anything about \$100,000 at all.

Mr. FORDNEY. You have been in the business fourteen years and made \$100,000 in the various lines that you have been engaged in?

Mr. DELFELDER. So it would appear.

Mr. FORDNEY. It has not all been made out of wool and the increase in mutton sheep that you sold from your original 2,600 flock?

Mr. DELFELDER. It is not.

The CHAIRMAN. I want to ask if you have bought any sheep that you have in your flock recently. You bought sheep and sold them in speculation. Now, have you bought any sheep and added them to your flock?

Mr. DELFELDER. The flocks that I have at the present time are the accumulation of my speculation.

The CHAIRMAN. Have you bought any sheep that you have added to your present flock?

Mr. DELFELDER. I have not.

Mr. POE. I want to ask you a question. In 1894, the time you speak of, the price of wool was very low, wasn't it?

Mr. DELFELDER. It was.

Mr. POE. Do you remember what it was selling for?

Mr. DELFELDER. Six cents a pound.

Mr. POE. The duty that was imposed and placed upon wool resulted in getting a very much better price, did it?

Mr. DELFELDER. It did several years later.

Mr. POE. Now, if you were to have an advance, to get an increase on the duty on wool, that would give you a still better price, would it not?

Mr. DELFELDER. Yes; the chances are it would.

Mr. POE. That is what you are asking for it for?

Mr. DELFELDER. It is.

Mr. POE. The higher the duty the better the price the wool farmer or woolgrower gets for his wool. Is not that true?

Mr. DELFELDER. It is.

Mr. POE. Now I will ask you, as a matter of fact, if there is an import duty of 11 cents a pound on wool, does not that put up the price approximately 11 cents to the man in the wool business?

Mr. DELFELDER. It would on identically the same wool.

Mr. POE. And if there is an additional increase it will put it up still higher?

Mr. DELFELDER. So it would appear.

Mr. Pou. Now, if the people of the United States use 5 to 6 pounds a year each it would put up the price to them just that much, too, would it not?

Mr. DELFELDER. If it did I presume it would revert back to them.

Mr. Pou. In the last analysis of the thing, as we say here, they are the ones that are paying it.

Mr. DELFELDER. They are the ones that pay it, and, in other words, they are also benefited by it.

Mr. Pou. It amounts to a tax upon the people of the United States to that extent.

Mr. DELFELDER. Yes.

Mr. Pou. Which inures to the benefit of the woolgrower and the wool farmer?

Mr. DELFELDER. Yes.

Mr. BONYNGE. You said in answer to a question put to you by the chairman a few moments ago that you did not purchase any sheep to bring up your present flock. Is that correct?

Mr. DELFELDER. That is what I said, but I did not know exactly what he meant as to whether—I took it for granted he meant whether I had raised them or not. Of course the sheep I have in my possession at the present time are all sheep that I have raised. I told him they were the accumulations from my speculations.

Mr. BONYNGE. They are the accumulations from your speculations as well as the natural increase in the flock?

Mr. DELFELDER. Yes; and of course his question could be construed to mean several things.

The CHAIRMAN. Are you now able to say how many sheep you have added to your flock by purchase since the original purchase of 2,600? Not how many you have bought and sold, but how many you have added to your flock?

Mr. DELFELDER. That is impossible for me to answer, because the original flock was probably sold and replaced by others.

The CHAIRMAN. Others that you bought?

Mr. DELFELDER. Others that I bought. Of course I had no particular band singled out.

The CHAIRMAN. Have you done anything more than to replace those 2,600, or were the 2,600 replaced by sheep that you raised?

Mr. DELFELDER. They were replaced by sheep that I both raised and purchased.

The CHAIRMAN. Are you able to say whether you purchased and added to your flock a thousand sheep since your first purchase of the 2,600?

Mr. LONGWORTH. How many sheep did you have five years ago?

The CHAIRMAN. I would like him to answer my question first.

Mr. DELFELDER. Your question was, How many did I purchase?

The CHAIRMAN. I asked you if you could say that you had bought and added to your flock a thousand sheep since you purchased the 2,600?

Mr. DELFELDER. Yes; I could say that.

The CHAIRMAN. Could you say more than that?

Mr. DELFELDER. I think I have added quite a few to the original.

The CHAIRMAN. That does not give us any idea. How many would you say you have added?

Mr. DELFELDER. I could not say definitely, because I have not worked it out on those lines. Those 2,600 had kept increasing, and I kept buying sheep and turning them into these, and selling each year, and turning in other sheep, and it would take a Missouri lawyer to figure out exactly what I have turned in.

Mr. RANDELL. When you sold your lands, did you put that money into other sheep and add them?

Mr. DELFELDER. Yes.

Mr. RANDELL. Then you took the lambs out of the flock and put in ewes?

Mr. DELFELDER. Yes.

Mr. RANDELL. That was an increase in your sheep?

Mr. BONYNGE. When you made money out of buying and selling sheep, like you did in the Oregon transaction, you put it into the business?

Mr. DELFELDER. Yes, sir.

The CHAIRMAN. He has not said he made any money buying sheep.

Mr. FORDNEY. From your 20,000, how many lambs did you have this year—or your 21,000?

Mr. DELFELDER. About 10,000 lambs.

Mr. FORDNEY. How many of those lambs do you keep each year, or how many do you sell, rather?

Mr. DELFELDER. It depends upon——

Mr. FORDNEY. On an average, of your increase of lambs, what proportion do you sell?

Mr. DELFELDER. If there is a demand for them and they are in a marketable condition, I sell them all. But most generally I keep about 35 per cent of them.

Mr. FORDNEY. Twenty-five per cent increase each year would make more than 20,000, based on your original flock.

The CHAIRMAN. How many years does a sheep live in Michigan?

Mr. FORDNEY. I don't know, but I would like to see them live a thousand years if it was profitable to the man that raised them—just as long as there was any profit in them.

Mr. DELFELDER. You must take into consideration that the average life of a sheep on the range, as far as they are useful, is five years.

Mr. FORDNEY. My point is, if you would add to your flock 25 per cent of the number of your flock each year, the natural increase of that 25 per cent would increase your flock to about what it is to-day from what it was when you went into business fourteen years ago?

Mr. DELFELDER. Yes.

Mr. FORDNEY. There is nothing strange about that. If you add 50 per cent or one-half of the lambs you raise, in five years it would raise your flock up to the present amount. That seems all right to me. I have just figured it, adding 50 per cent to your flock each year, and it runs up to 20,000 in five years.

Mr. LONGWORTH. Are any of your sheep mortgaged?

Mr. DELFELDER. Are they at the present time?

Mr. LONGWORTH. Yes.

Mr. DELFELDER. No, sir; they were, but they are not mortgaged at the present time—that is, not my individual sheep.

Mr. LONGWORTH. Are not quite a number of the sheep in Wyoming mortgaged.

Mr. DELFELDER. They are; fully 50 per cent of them.

Mr. LONGWORTH. Is not that an ordinary transaction in sheep—borrowing money on sheep?

Mr. DELFELDER. Yes; borrowing money to reclaim lands, provide feed, etc.

Mr. LONGWORTH. Because sheep are mortgaged, that does not necessarily mean the sheep business is bad?

Mr. DELFELDER. It is not anything to its credit, but it goes to show that the business is not unusually profitable or this would not be necessary.

Mr. LONGWORTH. But it is an ordinary transaction, the borrowing of money on sheep?

Mr. DELFELDER. It is when it is necessary to raise funds.

Mr. CALDERHEAD. That depends on the owner?

Mr. DELFELDER. Yes, sir.

Mr. FORDNEY. A man who would start in with a thousand dollars and do an honest, straightforward business and accumulate a hundred thousand dollars is to be congratulated, and I congratulate you.

Mr. RANDELL. I want to find out something about that hundred thousand proposition. I do not understand that you have testified yet that a hundred thousand dollars is the limit of what you are worth to-day. You thought it would amount to that, but you didn't say how much more?

Mr. DELFELDER. I said I thought a hundred thousand dollars would cover it.

The CHAIRMAN. That is all.

Mr. DELFELDER. I want to offer a signed paper as an appendix to my remarks, a protest against the reductions that have been asked for on certain classes.

The CHAIRMAN. Is it a simple protest?

Mr. DELFELDER. It is a simple protest; it is a brief that I want to file.

The CHAIRMAN. Does it state any facts?

Mr. DELFELDER. Stating facts and signed by the woolgrowers that are here to-day.

The CHAIRMAN. File it.

(The brief referred to is as follows:)

WASHINGTON, D. C., December 11, 1908.

Committee on Ways and Means:

The undersigned woolgrowers from the central part of the continent, representing ourselves and our neighbors, who have hundreds of thousands of sheep, protest against the request of Hans Schmidt for the reduction of the duty on wool pulled from the skin by increasing the present differential of 1 cent per pound on all classes of pulled wool to 5 cents differential on wool of classes 1 and 2 and a reduction of 50 per cent in the duty on wool of the third class. We also protest against the reduction asked by him of all the duty on wool not exceeding 1 inch in length.

This would be equivalent to placing wool on the free list, for 50 per cent of the world's production of merino wool is not more than 1 inch in length. The Merino wool from Australia, Buenos Aires, and the Cape of Good Hope on imported skins seldom exceeds 1 inch in length. Wools of less than 1 inch in length are now combed, and the granting of such a request would destroy the woolgrowing industry

of the United States. It would practically be free wool. The nation recorded its verdict on the subject of free wool when it elected President McKinley in 1896.

The present duty on fleece wool of the first and second classes now is, respectively, 11 and 12 cents per pound, and a differential of 1 cent per pound is allowed in favor of wool imported on the skin because it costs six-tenths of a cent to remove that wool from the skin. It costs the puller to-day to pull it only six-tenths of a cent per pound, and he thus has a profit of four-tenths of a cent per pound in the present differential of 1 cent. If the differential is increased from 1 cent to 5 cents, he will make a profit of 4.4 cents per pound at the expense of the woolgrowers of the United States.

Wool of the third class imported on the skin is now dutiable at 3 cents per pound, as against 4 cents per pound if imported in the fleece. If Mr. Schmidt is granted a reduction of 50 per cent in the duty on wool imported on the skin of the third class, you will present him with an additional profit of 1.5 cents per pound, which, in addition to his present profit of four-tenths of 1 cent per pound, will increase his profit to 1.9 cents per pound. You will thus present him with a profit of nearly 2 cents per pound at the expense of the American woolgrower. When the Dingley Act was passed, Judge Lawrence protested that when there were two duties nearly the whole of the imports would come in at the lower duty.

Twelve years' experience with the Dingley Act on wool of the third class, where there are two duties, shows that Judge Lawrence's prediction was correct, for during this period 82 per cent of the imports of wool of the third class came into the United States and paid a duty of only 4 cents per pound, and only 18 per cent of wool of the third class paid the higher duty of 7 cents per pound. During the first six years of the Dingley Act there never was more than 4 per cent of the imports of wool of the third class that paid over 4 cents per pound duty, and during two of those years only 1 per cent paid more than 4 cents per pound duty. Thus you will see that with the reduction from 3 to 1½ cents per pound on wool imported on the skin you will aggravate the difficulty that is rapidly eliminating the coarse wool or mutton-sheep industry in the United States. (See Exhibit E, p. 3152, first print No. 24, Tariff Hearings, Sixtieth Congress.)

You will notice from Exhibit E that during the last five years the imports of wool of the third class that paid more than 4 cents per pound duty rapidly increased, and during the fiscal year 1908, when there was a wool panic all over the world and when wools of the third class in the markets of the world were almost as cheap as they had ever been before, nearly one-half of the imports of wool of the third class paid the higher duty of 7 cents per pound, because the foreign cost was above 12 cents per pound. This occurred when the panic had closed carpet mills of the United States, and a large proportion of the imports of the wool of the third class were of wools of the finer quality of the third class, and were used for clothing purposes. The automobile fashion has made a demand for rough, heavy coats, which are made of carpet wool, and the fashion for coarse cheviots is expanding, thus increasing the demand for the finer grades of carpet wool for clothing purposes. Formerly, under the tariff law of 1867, the Rocky Mountain regions produced wools like those of the third class now imported costing foreign markets

over 12 cents, but the inadequate protection of 4 cents per pound on the coarse wools produced by our mutton sheep has been insufficient to preserve that branch of the wool-growing industry, and the mutton-sheep industry of the United States is diminishing, while the Merino sheep and the combing-wool sheep of the first and second classes are increasing with the adequate protection of 11 and 12 cents per pound on those classes. The mutton sheep is the sheep of the small farmer. These sheep had their habitat in the States east of the Mississippi in 1870, when 74 per cent of the entire number in the United States were east of that river, but owing to the experiment of free wool under the Wilson Act by 1896 there were only 33 per cent of the total number of sheep east of the Mississippi.

The free-wool experiment assassinated the mutton-sheep industry on the small farms. The 4 cents per pound duty on wool of the third class of the Dingley Act was insufficient to check the destruction of the mutton sheep that received its incentive during the free-wool period, and at this time, 1908, only 25 per cent of the sheep of the United States are on the farms east of the Mississippi River. It must be apparent to you, therefore, if you are revising the tariff on the lines of the Chicago platform, that higher rather than lower duties should be applied to wool of the third class. We therefore pray that, instead of reducing the duty as urged by Mr. Schmidt, that if any change is to be made the dividing line of 12 cents per pound on wool of the third class be eliminated, and that there shall be a single duty only on wool of the third class with no dividing line, and that that single duty shall not be less than 7 cents per pound. Nothing less than this duty will restore the mutton-sheep industry in which every consumer is interested because it affects his food supply. We have come here from our ranches to ask that Schedule K remain unchanged from the way Mr. Dingley framed it, but when we find that demands are made for lower duties on wool, we protest against lowering the duties in any particular, and ask that if you make any change, raise the duty on wool of the third class, not only in our interest as woolgrowers, but in the interest of the people of the United States, who are particularly interested in expanding the mutton-sheep flocks and their meat supply.

Mr. Solis (p. 3496, first print No. 25) in substance says: "I want to import free of duty Australian lamb's wool. It does not interfere with the sheep growers in any particular." We wish to assure you that the lightest and cleanest and most valuable wool in the world is Australian lamb's wool. If Australian lamb's wool was put on the free list it would be practically removal of the wool duty of 11 cents per pound of wool of the first class. We produce no wool in the United States superior to Australia Merino lambs. We produce its equal in Nevada, and in a few other sections, but nothing is produced superior to it in any part of the world.

Mr. Solis asks for a change in the tariff that will permit the import of broken top as waste. There was nothing that did so much to elect President Harrison as the fraud upon the Treasury of the United States in the importation of tops during Cleveland's first term. They were broken up into small pieces and christened with the commercial name of "waste," in order that the valuable article

of tops, dutiable at 60 cents per pound, might come in at a waste duty of 10 cents per pound. This fraud is elaborately described on page 3242, first print No. 24, Tariff Hearings, Sixtieth Congress. We ask you to familiarize yourself with this fraud upon the Government and upon the woolgrowers of the United States. The Government lost 50 cents a pound in duties, and each pound of waste was the equivalent to 4 pounds of American fine wool, the latter quantity of American wool being displaced by every pound of so-called waste imported, and there were millions of pounds of it. (See Exhibit J, first print No. 4, Tariff Hearings, Sixtieth Congress.)

The Dingley tariff duties on wool are barely high enough to sustain the industry.

In order that you may comprehend the difficulty of growing wool in a rigorous north temperate zone climate we refer to Germany, which has free wool, but protection for manufacturers of wool. Under free wool in Germany the sheep have decreased 63½ per cent from 1873 to 1900, and the coarse wool, sheep wool, grown from mutton are disappearing from Germany under free wool more rapidly than they are disappearing from the United States under the inadequate protection of only 4 cents per pound upon wool of the third class, namely, the finer grade of the wool of the third class.

We have come to Washington under great alarm for our industry, which is being assailed by parties who claim to be protectionists, but who do not believe in enough protection to protect. We ask you to read the lines in the Republican platform that are in italics on page 3160, first print, No. 24, Tariff Hearings, Sixtieth Congress. The newspaper press created the impression that citizens are invited to Washington to present arguments in favor of tariff reduction. The tariff platform of Chicago, if carried out with regard to Schedule K, will revise the duties upward rather than downward.

All other nations of the world are increasing their duties upon competitive imports. Germany has increased her maximum tariff 525 per cent upon bicycles and parts thereof. Her minimum tariff on these articles is 300 per cent. The German tariff makes the Dingley tariff moderate by comparison.

Our testimony before your committee of December 11, 1908, has shown that the cost of producing wool now has increased since the Dingley tariff act was passed in 1897. We have demonstrated by the foregoing that the woolgrower to-day receives diminished protection while the protection of 11 cents per pound duty remains fixed. You will thus see the impossibility of reducing the present duty of 11 cents per pound. Our plea is for only enough protection to sustain our industry, and by our demands for no change you will see that we are making as moderate claims as we can.

We therefore ask you not to destroy the flocks of the United States as they were destroyed by the tariff revision in 1894, when, after the American supply had diminished, foreign prices advanced, so that the American wool growing industry was being rapidly annihilated and then the cost of clothing to the consumer was increased, because the world's supply was diminished and the world's prices advanced after the American woolgrower had been eliminated and was unable to share in that world-wide price advance caused by the reduction in the

American supply. (See Exhibits B C, p. 3147, first print No. 24, Tariff Hearings, Sixtieth Congress.)

SOLOMON LUNA,
Albuquerque, N. Mex.
H. W. KELLY,
Las Vegas, N. Mex.
J. A. DELFELDER,
Lander, Wyo.
P. G. JOHNSTON,
Blackfoot, Idaho.

R. TYNES SMITH, being first duly sworn, testified as follows:

The CHAIRMAN. You want to speak upon pineapples?

Mr. SMITH. Yes, sir. My request is simply to make a change in the language of the present tariff law.

Referring to that portion of paragraph 263 of the tariff act of July 24, 1907, which reads as follows:

Comfits, sweetmeats, and fruits preserved in sugar, molasses, spirits, or in their own juices, not specially provided for in this act, one cent per pound and thirty-five per centum ad valorem. * * * pineapples preserved in their own juice, twenty-five per centum ad valorem—

it is requested that the words "pineapples preserved in their own juice" be stricken out and the following inserted in their stead:

Pineapples preserved by hermetic sealing, either with or without added sugar, provided the added sugar shall not be in sufficient quantity to constitute the goods a comfit, sweetmeat, or preserve in the common market understanding of these terms.

The effect of that would be to make the duty 25 per cent straight on what are known as canned goods hermetically sealed without sugar or with the moderate quantity of sugar which is usually added to the goods. There has been a very considerable amount of trouble and expense upon that to the Government, and some to us, by reason of the different constructions that have been put on that paragraph as it now stands. There has been litigation of the matter, and we have just got a decision that shows the court is quite uncertain itself as to the construction to be put upon the paragraph, and my interest is simply to clear the matter up and get rid of the bother. We are not asking for any reduction in the tariff, though we would be very glad to have it if it is to be made generally.

The CHAIRMAN. Do you make any complaint of the next paragraph, "Articles containing not over 10 per cent of alcohol?"

Mr. SMITH. No.

The CHAIRMAN. I see there is a large importation of those articles, \$8,000,000 worth.

Mr. SMITH. No; we are not interested in that.

The CHAIRMAN. I did not know but you had some information as to whether the duty was sufficient to cover the internal-revenue tax on alcohol.

Mr. SMITH. We do not use any alcohol in our business.

(Thereupon, at 4.45 o'clock p. m., the committee adjourned until Saturday, December 12, 1908.)

APPENDIX.

SCHEDULE A.—CHEMICALS, OILS, AND PAINTS. DYESTUFFS AND WOOL NOILS AND WASTES **THE MANKATO (MINN.) MILLS COMPANY SUBMITS BRIEF RELATIVE TO IMPORTED DYESTUFFS AND WOOL BY-PRODUCTS.**

Hon. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: As manufacturers of woolen goods, using a very large quantity of imported dyestuffs in the manufacture of our goods, we wish to call your attention to the fact that a high tariff on certain high-grade dyestuffs used in this country and imported from Germany principally has not resulted during the past twenty years in building up any industry of importance in this country that could manufacture a product competing in quality with products of the German manufacturers.

We do not know exactly what percentage of the dyestuff used by the textile industries in this country is imported into this country in spite of the tariff, but our impression is that it is a very large percentage, and much more in quantity than is made in this country. All the dyestuff that we use in our business we are obliged to buy through German representatives, located in this country, of the German manufacturers. We do not know of a single item in this line that we could buy in this country that was made in the United States. We refer particularly to coal-tar dyestuff and products.

Our understanding is that, attracted by the high tariff on this class of product, German manufacturers, who are so proficient in the manufacture of dyestuffs, colors, and chemicals, undertook to do their manufacturing on this side to supply our trade to save the tariff, but they have been uniformly unsuccessful in producing those dyestuffs on this side and were obliged to discontinue. We further understand that the manufacture of these dyestuffs requires very high technical skill and knowledge, and that the people employed by the manufacturers of Germany for this purpose could not be brought over here and used for the same purpose to equal advantage as they could in their own country, and that the cost of making these dyestuffs in this country, in spite of the tariff saving, more than offsets what could be saved in the item of protective duty.

You will observe, therefore, that the simple result has been to make the American consumer pay duty on millions of dollars' worth of dyestuff and coal-tar products and chemicals used in this country

and imported from Germany without obtaining any corresponding benefit. There is not a branch in the textile industry that does not use dyestuffs, and the effect has been that the prices of these textiles are necessarily higher to the consumer on account of the duty on these dyestuffs than they otherwise would have been were the duty removed entirely.

We think this is a similar case to aniline salts, which is the basis of black dyes. There was a time when there was a considerable duty on aniline salt, which encouraged certain men in this country to undertake the manufacture of same. This was not successful, however, to any great extent, and off-hand we would say that fully 90 per cent of the aniline salt used in this country continued to be imported. For some reason which we are not entirely familiar with these salts could not be produced in this country satisfactorily, though they are used in enormous quantity in the manufacture of black dyestuffs, entering into almost every branch of the textile industry.

After the result had been observed, and considering the fact that to-day the producers of aniline salt in this country can, we think, be counted on the fingers of one hand as a result of the former tariff on this product, Congress fortunately thought it wise to remove the tariff entirely on aniline salt, which was done, in order to save the consumer a useless protective duty which had resulted only in building up two or three manufacturers in this country who could not begin to supply 10 per cent of the demand. Therefore we are not at the present time paying any duty on aniline salt, which results in considerable saving, and the same identical policy should be followed, in our judgment, as regards the class of dyestuffs now imported from foreign countries, principally Germany, as it is a well-known fact among many manufacturers everywhere that the Germans excel the world in the manufacture of this product, and that we can not compete with them, even though protected. This is a fact that has been absolutely demonstrated by trial, and under the circumstances why should we and the consumers be compelled to pay a duty which is added to the cost of the imported product, making the cost that much more, with no beneficial result to anyone, when it appears that it has been imposed to build up similar industries, making dyestuffs of equal quality in this country?

We submit that this is nothing more or less than a direct tax on the consumer—the manufacturers of this country.

We also wish to point out the injustice woolen manufacturers suffer under the present tariff because of the high duty on by-products, such as noils and wastes, which are only by-products of worsted manufacture, but which become a necessary part of the raw material, such as are used by us, who do not make worsted goods. We are in favor of some slight tariff to the extent of the difference in cost of products of wool here and abroad so far as woolgrowers are concerned, but we can not see the justice or equality of the present duty of 30 cents for such articles as garnetted waste, and 20 cents for noils, yarns, and other wastes such as under Schedule K, tariff 1897—wool and manufacturers of wool, classes 1, 2, and 3, which makes them practically prohibitive.

It seems to us to be more equitable to make the duty on noils and wastes proportionate to the duty on original wools, of which they are

a by-product, and make some fair distinction in the rate of duty for the various grades. For instance, why should a coarse noil combed from carpet wools bear the same duty as those from the finer grades used for luxuries? The present duty on noils and waste is so prohibitive that it compels the woolen manufacturer to obtain this class of material from the domestic worsted manufacturer, which results in great advantage over the woolen manufacturer and permits the domestic producer of noils to obtain excessive prices for his by-product, to the detriment of the woolen manufacturers, while in the foreign market this material remaining at a low price enables the foreign manufacturer to make cheap woolen goods which can be imported into this country in competition with those manufactured here.

In a general way permit us to state that we, in company with a large majority of the Republican voters of the Western States, feel that unless Congress intends to revise the tariff along the lines of what the academic definition of "tariff" is or should be, there will be no Republican Congress to do any revising two years hence. We believe that the theory of protective tariff is supposed to be based on the difference between the cost of production in this country and the cost of production in other countries competing with us. Why it should be much, if any more, is beyond us, and why there should be any duty on any article, as there certainly is where the duty is from 50 to 100 per cent in excess of the actual cost of the article, is beyond us, as there can be no article where the cost of production here and abroad could equal any such absurd difference.

We would ask that you be good enough to give this matter your earnest consideration.

Respectfully, yours,

MANKATO MILLS COMPANY.
W. L. HIXON, *President*.

DECEMBER 3, 1908.

MEDICINAL PREPARATIONS.

THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK ASKS FOR LOWER DUTIES ON MEDICINAL PREPARATIONS.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Under paragraph 67 of the present tariff law medicinal preparations containing alcohol are dutiable at 55 cents per pound. Under such paragraph are classified medicinal preparations and medicinal wines in which alcohol is often used solely as a means of preservation for the essential therapeutic components of the preparation.

The present rate, besides being too high, is inequitable, because no distinction is made in the duty whether a preparation contains much or little alcohol. The duties under this paragraph should be distributed more equitably. This class of goods includes medicines of dire necessity to a large number of our laboring classes, especially of poor immigrants, who have to work in unhealthy localities, where the taking of some tonic is essential as a preventative against illness.

A more liberal treatment should, therefore, be granted by reason of equity and hygienic considerations to this class of goods, and this

chamber recommends to this honorable committee that in the case of medicinal preparations containing no more than 18 per cent of alcohol by volume and in which alcohol is used only as a preservative duty should be assessed at the rate of 35 per cent ad valorem; in the case of medicinal preparations containing more than 18 and no more than 40 per cent of alcohol by volume, duty should be charged at the rate of 50 per cent ad valorem; and on medicinal preparations containing more than 40 per cent of alcohol by volume, duty should be imposed at the same rate as on spirits under paragraph 291.

ALCOHOLIC PERFUMERY.

Under paragraph 2 of the present tariff alcoholic perfumery is dutiable at the rate of 60 cents per pound and 45 per cent ad valorem, which is practically prohibitive for a good many kinds of foreign perfumery, the cost of which is increased by the present rate at least 80 per cent, and which, at a lower duty, would be used in greater quantity, thus benefiting revenue without injuring domestic production. The foreign perfumery in question does not compete with the domestic article, because it is generally represented by specialties and patent products.

This chamber recommends, therefore, that the duty on alcoholic perfumery be established at 60 cents per pound, removing the present ad valorem rate. Should this honorable committee consider this recommendation too radical, then this chamber recommends a readjustment of the duty on the basis of the 60-cent rate per pound and the substitution of the present ad valorem rate of 45 per cent with an ad valorem duty on the containers. This would be more equitable, especially when artistic bottles are used, in order to protect the American glass industry.

NONALCOHOLIC TOILET PERFUMERY.

Nonalcoholic toilet perfumery, such as cosmetics, pomades, dentifrices, tooth powders, pastes, etc., is now assessed, under paragraph 70, at the rate of 50 per cent ad valorem. When it is considered that the demand for these articles is specifically identified with the statement of the brand or of the manufacturer's name, and therefore that under such conditions the imported article does not compete with the domestic, it will be seen that a more moderate rate, such as 35 per cent ad valorem, would be ample, both from the standpoint of protection and revenue, and would be more profitable to revenue, as by permitting the importation of brands at present disqualified by the excessive duty the demand would be increased so as not only to compensate the revenue from the lower rate, but also to leave a margin over the amount at present realized. In no country are the prime materials for the preparation of such articles (fat, earths, etc.) cheaper or as cheap as in the United States, which alone secures a natural advantage to domestic production. Hence this chamber recommends that the duty on nonalcoholic toilet perfumery be reduced from 50 to 35 per cent ad valorem.

Respectfully submitted.

E. MARIANI, *Vice-President,*
G. R. SCHROEDER, *Secretary,*
For the Italian Chamber of Commerce in New York.

SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

LIME.

HUNTINGTON, IND., *December 7, 1908.*

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: In regard to the duty on lime, I wish to inform you that it would be an act of injustice and injury to reduce that duty at this time, for three reasons:

1. Canada has an abundant supply of wood, which is the best fuel for burning lime. This country now has no wood for fuel in the vicinity of Ohio and Indiana.

2. This country pays 25 per cent more wages for similar labor than is paid in Canada. If it is desirable to maintain this difference, then great care must be taken not to reduce too rapidly the tariff on individual articles.

3. This company did not make last year more than 3 per cent on its investment, notwithstanding all the economies which were practiced.

Very respectfully,

OHIO AND WESTERN LIME CO.,
By GEO. D. COPELAND, *Director.*

MARBLE.

THE ITALIAN CHAMBER OF COMMERCE OF NEW YORK ASKS FOR REDUCTION OR REMOVAL OF DUTIES FROM MARBLE.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The Italian Chamber of Commerce in New York respectfully submits to this honorable committee the following recommendations relative to the revision of the duties on marble:

Marble is one of the materials the consumption of which might be taken as the exponent of the architectural progress of a country. In no other country of modern times has the use of marble become so important as in the United States, where the affluence of its people, a constant striving for betterment in all things, and the endeavor in constructing what is, like the institutions characterizing its national life, destined to last have stimulated the building of so many pre-tentious and magnificent edifices, public and private, in which marble is as profusely employed as it ever was in the most celebrated edifices of antiquity.

The principal sources of this precious building material, in which art molds its lifelike lines, are practically two, viz: Italy and the State of Vermont. Tennessee is also a source of considerable importance in the supply of colored marble.

Italy has from times immemorial been identified with the supply of this commodity, so abundant all over the peninsula, in all the en-

ting gamut of its manifold colored, speckled, and veined varieties, such as the valuable and rare Siennas and Veronas, its elegant brecciated, or flowered bardigli, to the pure white statuary marble, the noblest of all, for which Carrara enjoys, together with a world-wide reputation for high quality, the distinction of being the largest supplier.

The famous Carrara quarries, numbering about 600, giving employment to about 6,000 workmen and supporting a population of nearly 75,000, have been worked for over two thousand years, and, notwithstanding this, the supply still remains practically inexhaustible, the quantity of this high-grade marble yet to be excavated being so great that Carrara promises to supply the present rate of demand for its marble for centuries to come.

In the State of Vermont the discovery of marble dates from the beginning of last century and the industry of its excavation from about 1820. We have been unable to obtain statistical information regarding the possible supply of marble from this State, but as to quality, we do know that Vermont marble is of a very different grade from the imported and, generally speaking, suitable only for ordinary work and not for high-grade statuary.

It is also a recognized fact that, however notable this industry is in Vermont, it is yet of a much smaller size than the Carrara, although more advanced, probably, are the methods of extraction of the marble, which enjoy the benefit, economically important as a reducing factor of cost, of a wider application of machinery. The use of labor-saving mechanism is one reason why the American quarries can be operated at a profit with lesser cost for the marble excavated than in the case of the foreign marble, thus securing to American marble a natural protection. It is also a fact that the use of steam and electric driven machinery for cutting and working marble supercedes in the Vermont quarries, where most of the blocks are secured by channeling entirely with power tools, the extensive use of hand drills, and free employ of explosives in getting out the material, still obtaining at Carrara, and which are the causes of greater waste and higher cost of excavation.

Domestic marble is not only of much cheaper primary cost than the imported, but entirely of a different grade. It has not the hardness, transparency, and whiteness required for high-grade statuary, and is also less resistant to atmospheric influences and less easily workable than the Carrara marble. It costs only about one-half the price of foreign marble, which it replaces in cheaper lines of work.

The primary cost of the most ordinary grade of Vermont or Tennessee marble at the quarry is 50 to 60 cents per cubic foot, while the most ordinary grade of Italian marble costs to excavate at the quarry \$1.15 per cubic foot.

The expense of hauling the marble from the quarry to New York is about the same in the case of domestic as in that of imported marble, viz, around 70 cents per cubic foot.

It will be seen, therefore, that the most ordinary grade of foreign marble can not be laid down in New York for less than \$1.85 per cubic foot, actual cost, not including profit, against \$1.20 to \$1.30 actual cost for domestic marble.

Irrespective of duty, domestic marble enjoys a natural protection of 55 to 65 cents per cubic foot in the lesser cost. The natural protection appears in a greater measure when comparisons are made between higher grades both of domestic and foreign marble.

Under such conditions the present duty on imported marble in block appears excessive, as it corresponds in the case of the most ordinary kind to a fiscal protection of 50 to 55 per cent, a protection entirely superfluous, as domestic marble already enjoys a natural protection in the lesser cost of about 45 to 55 per cent.

The excessive rate of duty charged on this raw material is all the more apparent in the case of marble of very high grade, such as the colored varieties, which are not produced in this country, save a few exceptions, and which are besides under the disadvantage of limitations in their use arising from the difficulty of matching the veins in order to obtain the desired artistic effect, essential to their usefulness. The increased cost, caused by the present high duty, and the difficulties inherent to their utilization, explain why they are not used to a greater extent than they would certainly be if a lower rate of duty were assessed on marble in block. At present, for every ten blocks of white marble imported, there is only one of the colored.

By maintaining such high duty on foreign marble in block, which is a raw material necessary to American labor and not in competition with the domestic product, its use is not encouraged, and this works to the detriment of a very remunerative line of American labor.

Out of \$687,953 that the Government derived in the fiscal year 1907 from the duties on marble, \$459,939 were contributed by marble in block, which represents about 67 per cent of the total revenue. Dutiable marble was imported for home consumption during the same fiscal year to the amount of \$1,540,721, in which marble in block figured at \$1,083,188. Of the total importation of marble for the same year, Italy contributed to the amount of \$1,240,650, thus showing only a slight increase over the importation in 1903 of \$1,220,086. The quantity imported has been stationary, while the use of marble has certainly increased with the wide application that this material has received in the new buildings constructed of late years, which shows that the duty on block marble is too discriminative and does not permit the imported article to profit by the increase of consumption.

Hence, this chamber recommends that the duty on marble in block be reduced to the rate of 35 cents per cubic foot, as it was before the present tariff came into operation.

MOSAIC CUBES OF MARBLE.

Under paragraph 114 of the present tariff mosaic cubes not exceeding 2 cubic inches in size, if loose, are dutiable at 1 cent per pound and 20 per cent ad valorem.

These rates represent an increase over primary cost of 110 to 120 per cent, for which there is no necessity, as no such article is produced in the United States, and no protection is therefore needed. Vermont marble can not be used in flooring, being too soft. This article can not be produced expressly, because it would come too expensive owing to labor. Even in Italy it is obtained only as a by-product in the grinding of the slabs, and with no other labor than the cutting. The present rates of 1 per cent per pound, equal to \$22 per ton, plus 20 per cent ad valorem, equal to \$6 per ton, total \$28, are for a product of such nature exorbitant.

Owing to the increase of mosaic work in modern building and the unsuitableness of domestic marble for flooring, if the duty on

such article was less exorbitant its importation, which amounted in the fiscal year 1907 to 3,644,597 pounds, valued at \$49,405, and yielding a revenue of but \$46,326, would be so encouraged as to become, by reason of the increased amount, a far better source of revenue than at the present prohibitive rates. This chamber, therefore, recommends, for reasons of both equity and revenue, that the duty of 1 cent per pound on mosaic marble cubes be removed, and only the rate of 20 per cent ad valorem maintained.

MARBLE WASTE (GRANITO OR TERRAZZO).

Marble waste, technically called "granito or terrazzo," by a decision rendered by the United States circuit court for the southern district of Cincinnati, under date of August 21, 1908, in the United States *v.* Graser-Rothe, was made dutiable at 20 per cent ad valorem under the provision in section 6 for "all articles manufactured, in whole or part, not provided for in the tariff act of 1897."

This article is not produced in the United States, and therefore does not enter competition with any domestic product. It consists of the waste from marble quarries, crushed in a machine and sifted or sorted into various sizes, which does not, however, change its aspect and its nature of waste or by-product, or increase materially its value. It used to be on the free list, where it is the opinion of this chamber that it should again be placed. It is only worth at its origin \$20 per ton, and affords the means of livelihood to the many poor peasants who gather it. The importation into this country ought to be facilitated in order to encourage on a wider scale its use in flooring, and thus benefit American labor.

The duty levied on this article has been the cause of much controversy between importers and collectors of customs. Under the reasonable assumption that it would be free of duty, or rated at most at 10 per cent ad valorem under paragraph 463 as a waste product, it was imported, only to find that duty was assessed at the rate of 20 per cent ad valorem.

A firm in Cincinnati, who later imported the same article, was assessed duty at the rate of 10 per cent ad valorem, but upon protest to the Board of General Appraisers that it should be classified under paragraph 614 as "minerals, crude, or not advanced in value or condition by refining or grinding, or by other process of manufacture," the protest was sustained by a decision of said board, rendered in July, 1907, making the entry of such article free. A month later the Treasury Department appealed for a review of the decision of the Board of General Appraisers, and upon the case being tried in the United States circuit court in Cincinnati, and not vigorously defended by the importers, a decision was rendered on August 21, 1908, in favor of the Government, making said article dutiable at 20 per cent ad valorem, under the provision of section 6 of the present tariff law, for "all articles manufactured in whole or in part, not provided for in the act."

Said decision, in considering this a manufactured article, and not a waste product, as it actually is, because the crushing by machine

does not change its aspect or character, or add to its value, places a construction upon the law which is further than the intention of the legislator. As there are indications that further controversy will take place regarding the classification of this article, and as the uncertainty in the assessment of duty on it acts as a deterrent to importation, this chamber recommends that this article be placed on the free list, where it was before the present tariff.

Respectfully submitted.

C. MARIANI, *Vice-President,*
For the Italian Chamber of Commerce in New York.

SCHEDULE E.—SUGAR, MOLASSES, AND MANUFACTURES OF.

BEET SUGAR.

WISCONSIN SUGAR PRODUCERS SUBMIT PROTEST AGAINST REDUCTION OF PRESENT SUGAR DUTIES.

MILWAUKEE, WIS., *December 2, 1908.*

HON. SERENO E. PAYNE, *M. C.,*

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: On behalf of the beet-sugar producers of Wisconsin, consisting of four independent beet-sugar factories, representing an investment of \$3,000,000, 800 employees of these factories, and 8,000 independent farmers who grow beets and have invested \$400,000 in beet implements and devoted much time to learn beet culture, I protest against any further reduction or concessions from the present tariff schedule on sugar, and request that the concessions made from the Dingley rates be reinstated, for the following briefly stated reasons:

Protection is necessary, equitable, and proper for the one fact of higher cost of labor in this country, which the following figures show:

First. Farm labor in the United States costs from \$1.50 to \$2 per day.

Equally efficient farm labor in European beet-sugar producing countries costs from 48 cents to 96 cents per day.

Farm labor in the tropical cane-sugar producing countries costs from 20 cents to \$1 per day.

Considering the low-priced tropical labor only half as efficient as American labor, the cost of American labor averages over 400 per cent higher, while it averages over 100 per cent higher than the European labor. Same holds good for factory labor.

Second. Ocean freights to this country on sugar are so insignificant compared to cost of production that they are no offset to the cheaper foreign labor.

Third. The continuance and further development of the beet-sugar industry in the United States requires protection.

The principle of protection can be justly applied to sugar under the following propositions:

First. Sugar is an agricultural product that is now and always can be successfully grown and manufactured in the United States.

Second. The present home production is less than the home consumption; no sugar is exported.

Third. Sufficient definite protection will therefore assure the further development of the beet-sugar industry in this country.

Fourth. Further development will stimulate the improvement of farm machinery and factory appliances that will work toward a reduction in cost of manufacture.

Fifth. It is one of the few items on the present tariff list that is of actual benefit to the American farmer.

Development of the beet-sugar industry is desirable because:

First. Sugar-beet culture and beet-sugar manufacture give employment to a large amount of labor.

Second. It is therefore a direct benefit to two great classes of our people, the farmer and the laborer.

Third. The culture of sugar beets improves the soil, teaches intensive cultivation, encourages crop rotation, and offers the grower a comparatively certain crop at a fixed market price.

Fourth. The operating of beet-sugar factories during the winter months offers employment to farm labor that is otherwise more or less without employment at that time.

General propositions in favor of maintaining the present tariff on sugar are:

First. It is a large revenue producer, without being a hardship on the people. The cost of sugar in the United States to the consumer is comparatively lower than in any foreign country.

Second. Because everybody consumes sugar, the tariff tax is a uniform tax and therefore a fair tax and amounts to only 70 cents per capita per annum.

Third. Maintenance of a sufficient tariff would work for the continuance of independent manufacturers and always insure to the people of the United States a supply of sugar at reasonable prices, while a reduction will tend toward monopoly and the positive destruction of the home industry.

Fourth. The Republican party at two of its national conventions since 1896 promised continued protection to sugar producers and thus encouraged investments of capital in the United States which now exceed \$60,000,000.

Fifth. Concessions made since the Dingley tariff was enacted now operate to reduce this tariff by one-third. It is a moral obligation of the Republican administration that these concessions be reinstated. This would materially aid more rapid development of the beet-sugar industry and hasten permanent lower prices of sugar to the people of this country.

Sixth. The so-called "sugar trust" is only a refiner of imported raw sugar and therefore not a beneficiary of the tariff on sugar.

I respectfully request that this protest be printed and considered as part of regular hearing.

Respectfully submitted.

WISCONSIN SUGAR COMPANY,
R. G. WAGNER, *President.*

**THE CARVER COUNTY SUGAR COMPANY, CHASKA, MINN., STATES
THAT FREE SUGAR WOULD CRUSH BEET-SUGAR INDUSTRY.**

CHASKA, MINN., *December 3, 1908.*

HON. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.:*

Free trade in sugar would crush the domestic beet-sugar industry. Reduction in the tariff would cripple it seriously. We protest against the argument of eastern refiners for the first and against arguments of Cuban planters for the second. Sugar refined in this country from imported raws pays American labor half a cent per pound; that made from home-grown beets pays American farmers and laborers nearly 4 cents per pound. Taking the duty off sugar and putting it on teas and coffees does not relieve the consumer, but only destroys a great home industry and builds up none other here. Please incorporate this protest in your regular printed hearings.

CARVER COUNTY SUGAR CO.

Letters and telegrams of similar purport were received from the following: Iowa Sugar Company, Waverly, Iowa; St. Louis Sugar Company, St. Louis, Mich.; Holland Sugar Company, Holland, Mich.; Mount Clemens Sugar Company, Bay City, Mich.; C. M. McLean, Holland, Mich.

**PIERRE J. SMITH, NEW YORK CITY, SUBMITS BRIEF RELATIVE
TO REMOVING DUTIES FROM SUGAR.**

NEW YORK, *November 14, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

SIR: The present import duty on sugar was imposed for the purpose of raising revenue and for protection to domestic sugar industries.

If for raising revenue, I believe it would be better to have duties raised on the imports of tea and coffee, and, if necessary, reimpose the stamp tax on checks, etc.

By the present excessive duty on sugar, we prevent most advantageous reciprocity treaties with foreign countries, who are anxious to exchange their sugar for our manufactured goods and farm products. Cheap sugar would also benefit our farmers and increase largely our manufactures of preserved and canned fruits, candy, and other numerous articles in which sugar is used.

As a protection to our home industries, it seems entirely out of all proportion for us to raise about \$50,000,000 per annum duty on sugar for this purpose, especially as the total production of about 750,000 tons Louisiana and beet sugar every year is not worth much over this amount in actual value. The protection is supposed to benefit the eastern refiners, Louisiana and domestic beet sugars, as well as sugars from Porto Rico and the Sandwich Islands.

For the eastern refiners it would be much better if they had free raw sugar and a duty of about one-eighth of a cent on imports of refined and raw sugars over No. 16 Dutch standard in color, or even free raw and refined, rather than the present duty, as far as the refiners outside of the "trust" are concerned.

As regards Louisiana, it seems almost a joke to protect these sugars, as they are so much under the control of the "trust" that the planters have to accept almost any terms and prices the local manager of the "trust" names. Outside independent refiners have at times endeavored to secure Louisiana sugars on reasonable terms, without result. In fact, the Louisiana planters would be better off in the end if they would dispose of their machinery and give their time to raising other crops.

As far as the domestic beet industry is concerned, it seems to me that an industry which after so many years still requires a protection of 100 per cent has proved itself unwarranted and detrimental to the general good of the country, especially when a large proportion of it is controlled directly or indirectly by the sugar trust. The advantages to the country from this industry have been very small, while the disadvantages have been very large and costly.

Although their sugars have been sold to the trust at one-tenth of a cent to three-eighths of a cent under the New York price on arrival, the Sandwich Island planters have made enormous profits during the last year, estimated at \$15,000,000, on a crop of 450,000 tons to 500,000 tons, so their protection could certainly be largely reduced. Porto Rico could also stand a considerable reduction in sugar duties, and justice and fair treatment to the Philippines require the same in their case.

The present duties on sugar are entirely too high from any standpoint of fairness toward the country in general, and should be reduced or removed entirely.

I remain, yours, very truly,

PIERRE J. SMITH.

CONFECTIONERY.

MEMORIAL OF ITALIAN CHAMBER OF COMMERCE OF NEW YORK FOR REDUCTION OF DUTY ON CERTAIN CONFECTIONERY.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: This chamber recommends the reduction of the present duty of 50 per cent to 35 per cent ad valorem (par. 212) on confectionery valued at more than 15 cents per pound which is not manufactured in the United States, and therefore does not compete with any domestic production. Such is, for instance, "torrone," an Italian specialty of nougat, made of sugar, almonds, white of eggs, and honey, all materials which are cheaper in this country than in the country where this article is produced. Such specialties, owing to climate or the secret formula of manufacture, are not produced in this country, or can not be produced with the characters required by

the consumers of such articles, and to impose a burden of 50 per cent ad valorem on their importation is to put them, by the consequent increase of cost, beyond the reach of classes which would otherwise be consumers, and thus deprives the revenue of an income that would, with a lower rate, be available through increased demand.

Respectfully submitted.

E. MARIANI, *Vice-President,*
For the Italian Chamber of Commerce in New York.

CUBAN SUGAR.

HUGH KELLY & CO., NEW YORK CITY, ASK FOR A REDUCTION IN THE DUTY ON SUGAR.

NEW YORK, *November 27, 1908.*

HON. SERENO E. PAYNE.

Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Controlling and representing considerable raw-sugar interests in Cuba, we beg to submit the following data as to the cost of production of cane sugar in Cuba, and our recommendation for a reduction in the tariff on sugar in the United States; this in addition to the informatoin presented to your honorable committee at the hearing granted to sugar planters on the 16th and 17th instant.

We abstain from going into historical facts regarding the necessities of Cuba, past or present, or the economical and political conditions of the island, but shall endeavor to place before your honorable committee only such absolute facts regarding the Cuba cane-sugar business that, compared with the cane and beet sugar industry of the United States, they may recommend a reduction in the tariff on sugars coming into the United States.

Cuba has endeavored to live and move out of her two important staples, viz, sugar and tobacco, the first of these furnishing employment for three-fourths of all the labor employed on the island. While tobacco is of paramount importance in one Province, viz, Pinar del Rio, and of secondary importance in the Remedios district, sugar is the basis of all commercial movement and of all credit in the remaining districts of the island. The production of 1,200,000 tons of sugar, which it is expected Cuba will produce this coming crop of 1909, means the raising, cultivation, and harvesting of 12,000,000 tons of cane. The hauling and treatment of this quantity of cane means the handling of 13,200,000 tons of material, raw and finished, and of all the supplies, fuel, and other goods necessary to the manufacture of sugar, amounting to perhaps another 1,000,000 tons. There is thus an interior movement of over 14,000,000 tons of material in one season, which will give life to railroad activity and provide labor with employment in every direction. It furnishes the means for clothing, feeding, and housing the people in that business, and this in turn gives life to commercial activity in the cities and towns, and added business to the railroads and other public carriers.

More important than all this benefit to the population of Cuba is the benefit which will accrue to the United States in the shape of

the large purchases of the manufactures and produce of this country which Cuba will need and will be able to purchase by the earnings of the people in the industry. The more liberal the sugar industry of Cuba is treated the more liberal will the money from that island purchase in the United States.

The cost of producing sugar in Cuba has been stated variously by responsible men before the Ways and Means Committee, but in all cases the cost of production has not been given below 2 cents per pound, and this figure, can be easily proven, is not high.

The average production per factory in Cuba at this time may be roughly set down as 7,000 tons sugar, say 182 factories producing an aggregate of 1,200,000 tons. The cost of a factory equipment, railroad and rolling stock, land and cane fields for a capacity of 7,000 tons of sugar per annum, including a small working capital of, say, \$50,000, is not less than about \$850,000. The capital invested is certainly worth 5 per cent per annum. The wear and tear on machinery and buildings is not less than 5 per cent per annum. The maintenance of railroad plant may be put down at 5 per cent per annum. The depreciation in fields may be set down as 10 per cent per annum. The cost of cane under normal conditions and with an abundant supply of labor has never been less than \$3 per ton, and has been, under competitive conditions, as high as \$4.50 per ton. The cost of manufacture, say one-half cent per pound, must be conceded by our contemporaries in the beet-sugar business as low.

Thus we have the cost of producing a crop of 7,000 tons of sugar, or, say, 14,000,000 pounds per season, as follows:

70,000 tons of cane, at \$3.....	\$210,000
Cost of manufacture, one-half cent per pound.....	70,000
Interest on capital invested, 5 per cent on \$850,000.....	42,500
Wear and tear on machinery, 5 per cent on \$420,000.....	21,000
Wear and tear on railroad, 5 per cent on \$200,000.....	10,000
Depreciation in fields, 10 per cent on \$140,000.....	14,000
Depreciation on cattle and cars, 10 per cent on \$40,000.....	4,000
Total	371,500

Add to this an average expense for railroad haul to the coast, light-erage, and shipping expenses of, say, 25 cents per 100 pounds, \$35,000, and we have a grand total of \$406,500 as the cost of producing and delivering on board vessel in Cuba a factory crop of 14,000,000 pounds of sugar, or, say, 2.90 cents per pound.

In order that our contemporaries in the beet-sugar business may understand that these figures of cost are not excessive, we beg to quote for you from the statements of Messrs. Oxnard and Cutting their own figures, viz:

Beets, per ton, \$4 (containing 15 per cent sugar), as against our cane at \$3 (containing 10 per cent sugar).

Expense of working beets into sugar, \$3 per ton of beets (equals 1 cent per pound for manufacture, as against one-half cent per pound quoted for Cuba).

The average yield of sugar from cane in Cuba is about 10 pounds in each 100 pounds of cane. The present value of these goods in the United States market, duty paid, is 3.86 cents per pound for 96° test.

The cost of delivering sugar in the Atlantic and Gulf ports in the United States is as follows:

	Per 100 pounds.
Insurance, one-half per cent.....	\$0. 01
Freight .....	. 12
Duty	1. 348
Weighing .....	. 01
Brokerage and charges.....	. 01
Loss in weight and test.....	. 02
Commission, 2½ per cent.....	. 085
Making total charges	1. 603

Deducting this figure (\$1.603) from the market value, \$3.86, viz, less \$1.603, we have \$2.257 as the value of 100 pounds of 96° test Cuba centrifugal sugar free on board vessel in Cuba, or, say 0.02-0.257 cent per pound as the present net value of Cuba sugar, which it costs 0.20-0.90 cent per pound to produce, indicating a loss of 0.643 cent per pound on every pound of sugar Cuba will produce this coming crop.

On the other hand, we understand from reliable sources that it does not cost our friends in the beet-sugar business, at the most, more than 2½ cents per pound to produce refined sugar, packed, ready for marketing, which upon the present duty-paid price of sugar would show an apparent profit, through legislative privileges, of exactly the amount of the duty on Cuba sugars, or say, 0.01-0.348 cents on every pound of sugar they produce, and which is taken from the United States consumer. It is this wide margin of profit which permits the beet-sugar interests to slash prices without any regard whatever as to the merits of manufacture, having the range of this entire amount of protection in competition with Cuba and other foreign sugars. On such basis of prices as above shown, and which actually exist, Cuba can not afford to concede even one thirty-second cent per pound without bringing them much nearer to destruction.

If our competitors in the beet-sugar business are so patriotic, why do they not dispose of their sugars to the consumer at cost of manufacture, plus a fair profit of say one-half cent per pound, which would make the price 3 cents, and leave Cuba with a margin of one-tenth cent per pound profit, of which our beet-sugar contemporaries should not be envious.

In considering the tariff placed upon the product of other countries it should not be omitted to consider the great desire of the manufacturers and producers of the United States to reach out for the export trade, which is so much coveted at this time and advocated by the United States Government in the consular and trade reports gathered at great expense for the benefit of our home manufacturers. If we treat our foreign producers and their product in an inconsiderate manner, all the effort the Government may make otherwise will not bring the desired export business unless we show a reasonable reciprocal feeling or treatment. It is obvious, therefore, that with a substantial reduction of the duty Cuba would receive a living price for its commodity and have a larger money-purchasing power, which must necessarily come to the United States by reason of a reciprocal arrangement.

It does not appear reasonable or just that such an important country as Cuba, and the adjacent island, Santo Domingo, should be held

as fair game to be bled for the benefit of perhaps a dozen beet-sugar factories of this country and to the detriment of 85,000,000 of population of the United States.

Another important island is Santo Domingo, which by its natural location and close proximity to the United States should receive the same benefits as Cuba does in our business relations. Santo Domingo on the east end, with Porto Rico, guards the Mona Passage; on the west end, with Cuba, the Windward Passage. Santo Domingo produces principally sugar, say about 60,000 tons per annum, and perhaps 10,000 tons of cocoa, 90 per cent of all of which comes to this country, while Santo Domingo purchases all of its supplies and manufactures from the United States. Yet she is entirely excluded from any favors whatever. Porto Rico on the east end, being now United States territory, enjoys the free entry of all its produce into the United States, yet their labor, especially in the fields, receives not more than 50 cents to 75 cents per day, while in Santo Domingo field labor is paid about \$1.25 per day, which is about the same paid in Cuba, the latter having an advantage at present over Santo Domingo of a 20 per cent reduction in the tariff.

The United States Government officials are to-day in Santo Domingo as well as in Cuba. In the former country they are engaged in the collection of the import duties of the country and with the regulation of its foreign debts and in peaceful pursuits, while in Cuba we have been compelled to station our troops and place our officials at the head of government in order to keep peace and order in the country. It therefore appears but fair and just to Santo Domingo that when tariff revision and treaties are discussed concerning Cuba that that clause be stricken from the treaty excluding all other countries of the West Indies from enjoying a reduction of 20 per cent on United States import tariff schedules and that Santo Domingo be treated at least as liberally as Cuba, having in mind that the trade between Santo Domingo and the United States is growing very rapidly in importance.

In the United States a little over 1 per cent of our people are interested directly in the production of sugar, while nearly 90 per cent of the population are interested in other industries of the United States, and the whole 100 per cent are consumers of sugar.

Some time ago Representative Robertson, of Louisiana, stated that 500,000 people in his State are interested in retaining the full duty on sugar. While this may be true, Louisiana has probably 700,000 other people who are interested in the production of rice, cotton, oil, lumber, etc., who demand a wider market for these products.

Michigan is deeply interested in beet-sugar production, but we should not lose sight of the fact that the people of Michigan produce enormously of lumber, copper, machinery, railroad equipment, and general manufactures, all of which demand constantly widening markets.

Ohio may produce beet sugar, but she produces also machinery and manufactured goods of vastly greater value, for which she demands a market, and the greatest of her sons, William McKinley, now of revered memory, with his dying breath told how she might secure this market.

California may be interested in sugar production, but she produces also wine and olives, and Cuba is a large consumer of these goods.

Kansas produces little, if any, sugar, but her pork industry is vitally interested in the Cuban demand for its goods.

Minnesota produces sugar, if you please, but Cuba wants 3,000,000 sacks of flour per annum, to say nothing of the amount of her lumber products which Cuba can consume annually.

Pennsylvania produces no sugar, but finds every year in Cuba a market for millions in value of her coal and her steel and iron products.

New England produces no sugar, but manufactures shoes, cloth and cotton goods, machinery and machine tools, which demand an outlet in the Cuban market.

Will the Louisiana sugar industry yield nothing to her manufacturing industries?

Have the Ohio and Michigan beet-sugar interests no desire to yield anything to their greatly diversified manufacturing interests?

Has the 99 per cent of our population no rights in this question which the 1 per cent is bound to respect? Is 1 per cent of the population of the United States to determine and dictate what will be the policy of this great country at a time like this? God forbid that in a country where the good of the majority is the good of all so insignificant a minority as 1½ per cent of the population should successfully withstand the sentiment of the great majority with respect to what is not alone morally the duty of the country to Cuba at this time, but for the material good of our own people as well.

If it be true, as the late Hon. O. H. Platt, of Connecticut, said, that if there were but one factory in the United States in any given line of industry, that one factory would be entitled to consideration, then I urge with equal truth in this country, in which the equality of man is our proudest boast, that if there were but one consumer of a given article in this country, that one consumer is entitled to consideration also. And if this be true of one consumer, what shall we say of the rights and the consideration to which 99 consumers are entitled as against the same consideration for one producer.

Respectfully submitted.

HUGH KELLY & Co.,
FRANK SCHAFFER, *President*.

CUBAN SUGAR AND TOBACCO.

HON. S. W. McCALL, M. C., SUBMITS LETTER OF GEN. JAMES H. WILSON RELATIVE TO CUBAN PRODUCTS.

WILMINGTON, DEL., *November 30, 1908.*

HON. SAMUEL W. McCALL.

Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: Perhaps you have not forgotten that I commanded the two middle departments of Cuba, including Matanzas and Santa Clara, during the first occupation. My official reports on the conditions prevailing in those departments are on file in the proper offices at Washington. I have since kept in close touch with the island and the political and economic conditions affecting its prosperity.

A short time ago I wrote a letter to the New York Sun, which was published in that journal August 6, 1908, and this letter was commented upon quite favorably by Boston, New York, Philadelphia, Delaware, and southern newspapers. In that letter I favored a further reduction of the duty on Cuban sugar and tobacco as the best means of promoting white immigration into Cuba and of advancing the economic prosperity, success, and tranquillity of the Cuban people and the Cuban Government.

In view of the fact that under the Monroe doctrine, which has been declared to be "the public law of the Western Hemisphere," we must, without compensation or reward of any kind, defend Cuba, as well as other American States, from foreign colonization and oppression, and under the Platt amendment to the Cuban constitution we must insure her a peaceable and stable republican government, the question naturally arises, Why should we not have our share of the profit growing out of the prosperity which we must thus insure to that island? We have incurred the enormous expense of two interventions in its behalf, and, having established a second independent Cuban Government, are about to withdraw our forces from the island and leave it to the government of its own people. But in doing this we have made no changes in the economic conditions prevailing in the island since the ratification of the Bliss Treaty, which makes a 20 per cent reduction in the duty on articles of Cuban production. In the case of sugar this amounts to about 0.34 cents per pound and leaves the duty at about 1.35 cents per pound, or approximately at 100 per cent on the cost of production on the most-favored plantations.

I am unable to make even an approximate statement of the duty on tobacco and cigars, but I am persuaded from the figures established by law and the actual practice that the duty is somewhere between 300 and 500 per cent on the cost of production.

In view of the relations existing between our country and Cuba and of the conditions prevailing in the island, I am sure the figures in the case of both sugar and tobacco are far in excess of any just requirements on the part of our Government. They are distinctly in restraint of trade and take both from Cuban capital and Cuban labor an excessive part of what they should earn.

I need not point out that, under the competition of European beet sugar, the price of cane sugar all over the world has been reduced to figures that make it almost impossible for the most favored countries to continue the production of cane sugar, and in such countries as Jamaica have driven the producers practically from the field. Primarily it was this reduction which brought about the revolutions in Cuba. So long as raw cane sugar brought 5 cents a pound and upward in the country of production, those countries could pay the heavy exactions of the countries of which they were colonies; but when the selling price passed below that figure, revolution and independence became necessary. I do not dwell upon the history of this economic contest, but from the time cane sugar was shut out of continental Europe by the dominion of the seas secured to Great Britain by the victory of Trafalgar down to 1895 the downward trend of prices for sugar was marked by the ruin of cane-sugar planters throughout the world.

Obviously the difficulty with Cuba, which is by far the best sugar-growing country in the world, is that with the competition of other countries on the one hand and the high American tariff on the other, there is not enough profit left in the business to properly reward capital and pay the laborers such wages as will leave them a surplus out of which to pay for the proper support and education of their children. Poverty, as you know, surely leads both to idleness and ignorance, for where a man does not enjoy a fair share of the return due to his own industry he naturally leaves his children to grow up without education or religious instruction, and, when worse comes to worst, he inevitably takes to the road or to revolution, rather than continue at work which can end only in poverty and disappointment.

If these are correct generalizations, what Cuba needs more than anything else is free trade with us in its natural and manufactured products, or, if it can not get this, such a differential allowance in the tariff as will serve as a bounty upon her own productions in competition with those of other countries.

From the first study of the question I have held that Cuba should be brought into our economic system by the establishment of a commercial union, under which free trade should exist between her and the United States in natural and manufactured products subject to an agreed tariff as between them and other foreign nations.

Under the Constitution of the United States, one of the principal effects of which is to establish a commercial union between the States and Territories constituting the Federal Union, free trade is the greatest blessing. Without this blessing the thirteen original States would long since have fallen to pieces and the new Territories would have remained largely unsettled.

But in addition to free trade between the States the Government established under the Constitution provides for the common defense, the establishment of courts of justice, and for a uniform system of post-offices and post-roads. The other incidental advantages and provisions need not be here recounted. Under the commercial union which I suggest, Cuba would have free trade with us, and in that respect would be just as well off as if she were annexed. She has her own judiciary, her own police, her own system of railways, and already enjoys the advantages of a postal union with us. Under the Monroe Doctrine we defend her just as completely as if she were already in the Union, while under the Platt amendment we give her just what we would be compelled to give any other State under similar conditions, an interposition of the federal armed power to maintain a peaceable and stable republican government. So that for a complete enjoyment of all the benefits arising from our system of government nothing more is necessary than to establish perpetual free interchange of natural and manufactured products between the two countries under the protection of a common tariff as against other countries.

With such an arrangement as this we could well afford to guarantee the perpetual independence of the Cuban Republic, and to lay it down as an established condition precedent that she should never be annexed to the Union unless two-thirds of her own people as well as a majority of ours should consent to annexation.

Without some such arrangement as this or without some differential tariff arrangement which would operate as a bounty to Cuban

products, poverty, ill-requited labor, economic confusion, dissatisfaction, and turmoil must continue in the island, and these must in turn necessitate intervention after intervention, followed at last by annexation.

The real remedy therefore—the real solution of the Cuban problem—is to establish such economic relations as will make the Cuban people prosperous and contented. So long as unlimited competition exists between her industries and those of other countries, especially between her sugar and tobacco and the beet sugar and tobacco of other countries, and as it must, grows more intense, so long will the Cuban question remain unsolved.

With a free-trade arrangement of the kind I suggest between Cuba and the United States, wages would at once rise, new plantations and new industries would be established, the island would be filled up rapidly with white immigrants from Spain and the United States, and business of all sorts would naturally tend to become more profitable than office holding and political agitation.

The importance of these changes will appear all the greater when it is considered that although two thirds of the Cuban people are white the other third is colored and holds the balance of political power. With the white population rapidly increasing, the relative importance of the colored population would correspondingly diminish. Government would become more stable, education would be disseminated more widely, and both peace and prosperity would become established conditions. The scale of living would rise, manufactures and commerce would expand, and as most of the latter would be with the United States, it is more than likely that for every ten dollars of profit realized by Cuban labor and capital nine would be expended for our natural and manufactured products and our profits would be correspondingly increased, just as they are by the business developments and expansion of our respective States and Territories.

It seems to me that it needs but little argument to prove the absolute truth of these conclusions, and I know of no man who can better supply it than yourself.

I recognize that this proposition is a radical one, but would it not be a start in the right direction and, as opportunity offers, would it not be wise to enter into a similar arrangement with Mexico and Canada? But before passing to the consideration of our economic relations with Mexico and Canada I wish to say something more in regard to the duty on sugar.

With the late President Harrison, I hold that no people are good enough for annexation to the United States that are not good enough to receive all the privileges of American citizenship. In the case of the Philippines, which are not worth one-fiftieth of as much as Cuba to us, I think every fair-minded American citizen would say they should receive the absolute right of free trade with the whole United States, just as every other State and Territory enjoys that privilege.

But on the principle that every economic question which comes before Congress is settled by a compromise, I suppose some duty will still be exacted from Philippine as well as Cuban productions, and I suggest, therefore, that in fixing the sugar schedule the tariff on all foreign-grown raw sugar, whether of beets or cane, should be re-

duced to a half a cent a pound, based upon the Dutch standard, with a corresponding differential in favor of both Philippine and Cuban sugar and a corresponding duty on the refined article. This would still leave a half a cent a pound protection plus the cost of transportation to American producers, whether of cane or beets, and this ought to be considered enough.

So far I have looked upon this question mainly from the Cuban and Philippine point of view, but great as are their claims and great as are the merits of the contentions in their behalf, the claims of the American people are still, to my mind, much more important.

Why should our 85,000,000 American citizens pay any duty whatever upon this prime article of consumption? While sugar was originally considered as a luxury, it is now justly regarded as one of the most necessary and valuable articles of food enjoyed by human beings. Why should it not be absolutely free to every American? Why should not every laboring man and woman, and every child and idle person, as well as every rich man, not have his cup of tea or coffee free of all tax and tariff? Considered from this point of view it may be well claimed that all raw sugar should come in free, and the only good argument against it is that our Treasury needs the revenue. But surely it is within the capabilities of Congress to find some other and less oppressive way of raising the amount that would disappear with free sugar.

Of course if a commercial union should be established with Cuba under a common tariff as against other countries, the Cuban treasury would be deprived of the duties collected on American products, and this in turn would make it necessary to provide for the Cuban deficit by an increase of internal taxation, but that, too, could readily be provided for and should in no great degree add to the burdens of the Cuban people.

As a Member of Congress from the richest of the New England States, you can not be indifferent to our trade relations with Canada, but I need not dwell upon them for they are well known to you. Many years ago, when I was manager of a New England railroad, I made strong objections to the phraseology of the interstate commerce law, under which Canadian railroads were permitted to compete with our interior rail lines in the carrying trade along the Canadian border. I contended that to permit the Canadian lines to participate freely in our carrying trade without absolute power to regulate them was just as much of an injustice to the American railroads as it would have been to permit foreign shipping to engage in our coasting trade. I went so far as to favor the exclusion of the Canadian roads from any benefit in interstate commerce with the hope that this exclusion would increase the probability of Canadian annexation. But I have since changed my mind, for the reason that the participation of the Canadian roads in our commerce seems to have wrought no perceptible injury to our carrying trade. Meanwhile the federation of the Canadian provinces and the development of Canadian trade with the mother country appears to have drawn the Dominion closer to the mother country and to have correspondingly diminished the tendency to either a political or commercial union with the American Republic. While Prof. Goldwin Smith alleges that coalition through an interchange of population and of trade is quietly going on and may ultimately solve the problem, might it not be wise for us to use every

honorable effort to bring about a commercial union with Canada under the same or similar conditions as those proposed for Cuba and Mexico? Would it not be exceedingly good business for us, inasmuch as such a union would greatly increase our commerce and strengthen our friendly relations with the Canadian people? They might reject our proposition at first, because they have become greatly attached to the idea of participating in an imperial British Government, although as yet no practicable basis has been found for such participation. But even if they did reject our proposition, would it not be farsighted for us, after arranging for the largest possible free list into Canada, to say we will let the rest of your natural and manufactured products into the United States absolutely free of duty? Would not such a measure as this tend powerfully to help on the coalition and ultimately bring about absolute free trade between the American and Canadian people?

The case of Mexico is somewhat different from that of either Cuba or Canada, and yet it might be easier of solution than either of the others. It offers a promising field for diplomatic and commercial exploitation.

The question of our commercial relations with the neighboring countries and islands is one of the first importance, and I am sure that no more promising epoch has been presented for many years for starting the preliminary work and laying down the true principles upon which an agreement should be reached. I am equally sure that you will give all the resources of your mind and influence to the consideration of the questions herein so briefly and so inadequately touched upon.

I might enlarge upon the economic as well as upon the political advantages of an American commercial union and its gradual extension to the states of Central and South America. I might point out the feasibility of such a union under the exceptional conditions which prevail between the American States and the neighboring countries in spite of the favored-nations clause of our treaties. I might consider more fully the commercial aspects of the Monroe Doctrine in contrast with its political aspects. I might point out the growing jealousy of the European governments against our progress in commerce and manufactures as well as against our increasing diplomatic and political influence in international affairs. And, finally, I might consider whether we could properly finance the business projects and enterprises which would naturally come to us from the other members of a commercial union such as I have indicated, but any adequate statement of these questions would extend my letter to an unreasonable length. Besides, the discussion of details is more or less premature at this stage of the investigation. You will, however, recognize the far-reaching character of the underlying idea of this letter and will doubtless look at it from every point of view before making up your mind as to its feasibility.

Whatever may be your own conclusions, may I not express the hope, as one of the unnumbered mass of consumers who can not come before the committee of which you are a member, that Congress will not only make a material reduction of the sugar and tobacco schedules, but lay the foundation for much closer commercial relations than have yet existed between us and our nearby neighbors?

You are of course at liberty to make any use of this letter that you think proper.

Yours, very respectfully,

JAMES H. WILSON.

DOMESTIC SUGAR.

BRIEF SUBMITTED BY ROSWELL A. BENEDICT, OF NEW YORK, CITY, IN BEHALF OF THE SUGAR GROWERS OF THE UNITED STATES.

NEW YORK CITY, *December-4, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: This memorandum is in behalf of the sugar-growers of the United States, as well as in behalf of those of us who consume sugar and are therefore interested in the lowest reasonable price of the article. Will the committee kindly investigate the facts in regard to beet-sugar production in Germany and France? If other countries such as these can produce all their own sugar so that the ratio of their own supply to their own demand fixes a reasonable price, considering their wage-scales, it would seem to be a wanton waste of our own opportunities of employment for us to go on importing sugar. Why should we not encourage the beet-sugar industry until beet sugar is produced all over the country, thus giving us a steady and reliable supply and furnishing employment to many of our citizens who are now often idle? Would this not help to relieve the congestion of labor upon other industries and so prevent the depression of wages and the purchasing power of the country?

There is strong reason to believe that lack of sufficient protection against German, Porto Rican, Cuban, Mexican, Hawaiian, Philippine, and other sugar is the only obstacle in the way of making sugar-production in this country so general that sugar refineries would be as common as are now creameries and milk dairies, poultry farms, and the like; and that with this wide development of the industry and the appearance of beet-sugar farms and refineries close to every town, we should be saved what we now lose in freights, storage, wastage, insurance, and wholesale and jobbing commissions, and the retail price of sugar would finally be reduced at least one-half.

Of course, this same argument could be used in behalf of protecting other products, and if all were treated alike imports of competing goods would cease and our people would be unable to purchase them at lower prices than those fixed by the ratio of the American supply to the American demand. A little thought, however, will show that no country as a whole can purchase its supplies abroad at a final cost less than that of producing its supplies at home, because to import a given thing instead of producing it at home is to limit domestic industry and narrow the field of domestic employment, and so diminish the aggregate volume of domestic wages and reduce the country's purchasing power, which means to reduce the volume of its domestic business. The importing business can only profit those who sell the imported article in this market at about the American

ruling price, or but a trifle under, and pocket the difference between the domestic and foreign wage-increment of cost in the article. The gain in this trade is not available to help employment and business here, because, to repeat the gain, the importer must continue to pay foreign labor and capital for the goods the importation of which yields him his profit. The whole importing business is thus based on the principle of reducing American purchasing power by exporting opportunities to labor and their accompanying wages.

The writer strenuously advocates the swelling of our volume of employment by such protection as will reserve for this country its own domestic market for sugar, in the end cutting out totally imports from every country on earth, including Porto Rico, Cuba, Hawaii, and the Philippine Islands; for the reason that, since employment means wages and wages means business, the highest prosperity of the country can be reached only by swelling employment to its greatest possible volume.

If the query is, What would become of Porto Rico, Cuba, Hawaii, and the Philippine Islands if denied our market for sugar? the answer is, Teach them to close their own ports, do their own work, make their own domestic market, and cease being the victims of foreign commercial filibusters exploiting their respective countries. If people in tropical countries lack abundant employment, food, and other necessities, it is their own fault and not the fault of countries like ours, that half the year through wallow in snow banks.

The sugar producer in this country is in the same predicament enjoyed by other producers. The importers are constantly longing to part his garments among themselves. But, looked at strictly from the national standpoint and not from that of profit-taking individuals, the only possible employer of this country which can give it the largest wages for its work is the country itself; and this for the reason that it pays wages which average five times as high as those paid by the world outside. Nobody disputes that wages here are the highest in the world. Taking 100 as our scale, the scale of the world at large is but 20. This is easily gathered in a general way and by a Yankee guess from the fact that British wages, compared with our 100, stand at about 50, perhaps a trifle more; but more than likely, taking into consideration the fact testified by Sir Henry Campbell-Bannerman some time before his death, that 12,000,000 of the inhabitants of the British Islands are constantly on the verge of starvation, British wages average a good deal less than 50, compared with our 100, if the amount of wages paid in a year per capita is considered. If British wages stand at 50, German wages stand at about 30, French at about 28, Italian at about 25, and so on until you come to India, where a man is paid 2 cents a day for fanning the white pilgrim, and China and Japan, where wages are somewhat higher. To say that the average is 20, compared with our 100, is safely within the mark; and it thus appears that this country, as its own employer, producing its own sugar instead of importing it, must pay itself an average of five times as high wages as it could get by putting out its work to aliens. The country lives by employment, and it can not live in any other way. Then why not employ it to make sugar?

It is evident that, by any reduction whatever of its present tariffs, for this country to increase imports is for it to accept a less generous employer than itself, and that the country as a whole must suffer with every pound of imports, whether sugar or whatnot, however profitable individuals might find it to export American employment and pocket the difference between the American and foreign scale of payment therefor. The odds are 5 to 1 in favor of the importer of foreign goods, which odds are sufficient to explain the fervor of the free-trade or low-tariff propaganda in this country and the fact that almost the entire press of our seaboard and importing cities industriously disparages the protective policy, and is especially bitter against our beet-sugar producers, who do not want to be sacrificed for the benefit of American and other syndicates which, on the strength of our supremacy in Cuba and the Philippines, have purchased large tracts of sugar, tobacco, rice, and other lands in those islands.

With regard to sugar, as with regard to other things, the protective policy is justifiable not only because, from the low labor standards of countries abroad, this country must always be its own most generous employer, but because there is no possibility, through any sort of development or perfection of our sugar industry, of our reaching such low costs that any other policy would mean anything else than the ultimate total destruction of sugar making here. Why? Because cost of subsistence must always be the naked cost of production, and that cost must always vary with climate, differences in soil being practically negligible when any two large national areas are considered. Therefore, in a broad, general way, cost of subsistence, hence cost of production, varies directly with latitude between the poles and the Tropics. It follows that capital, unprotected from competition from lower latitudes and unhandicapped against emigration, must constantly gravitate toward lower latitudes; and since our country is a country of an average high latitude and wholly outside of the Tropics, to lower our tariffs is to force our capital to gravitate toward the Tropics, while to increase our tariffs is to fix it more securely at home.

This gravitation of our capital toward the Tropics because of insufficient tariff protection is illustrated by the result of the Cuban treaty and the gathering of American capital in Cuba to influence its annexation and final absolute free trade between this country and that. It is said that the exploitation of Cuban iron-ore deposits for marketing in this country is already taking on large proportions; and it seems to be but a mere question of time when Cuban sugar will destroy sugar production in the United States. Outside of our own field, this gravitation of capital is illustrated by the movement of British capital to India and northern Australia, as well as to parts of Africa; and the general piling up of temperate-zone capital in such countries as Mexico and Brazil.

The facts upon which, for many years past, the arguments for protection have been based need only to be stated in an orderly way to develop an economic law which goes very far toward proving that, for this country, anything but a policy which gradually increases protection until foreign trade is entirely cut out must be a policy of

national suicide for the benefit of importers. The writer has gathered these facts and has arranged them as follows:

(1) Capital desiring a given market for its output must finally locate in the area of lowest cost of production for that market.

(2) Cost of subsistence is cost of production and is represented by pay rolls, which are the measure of what is called "business."

(3) Outside of the Tropics, naked cost of subsistence varies directly with latitude, while within the Tropics it is uniform and lowest.

(4) If, in competing areas of production, differences between pay rolls or latitudes be not offset by handicaps, the following will be true:

(a) If such areas are in the same average latitude, capital will gravitate toward the lowest pay rolls. The higher pay rolls will contract, while the lower will expand, until pay rolls and their incident business have become equalized throughout the competing areas.

(b) If such competing areas lie in appreciably different latitudes not in the Tropics, capital will gravitate toward the lowest latitudes; and pay rolls and their dependent business will be destroyed everywhere, except in that area of lowest average latitude large enough to furnish products equal to the weakest consuming power of the combined areas.

(c) If tropical areas are included in the competition, capital will gravitate thither and monopolize production to the utmost combined producing capacity of such areas. Pay rolls, business, and the higher civilization will be extinguished everywhere in such competing areas, except in the tropical parts, and in whatever area of lowest average latitude outside may be necessary to make good any shortage of the tropical parts in yielding products equal to the weakest consuming power of the combined areas.

The division (c) above, shows only too clearly what will become of our sugar industry in the continental United States if we enter upon competition in our own market with Cuba or the Philippines. We are bound to be cut off in our sugar production by the utmost combined producing power of Hawaii and Porto Rico, with which islands we never should have had free trade. To enlarge tropical competition under such circumstances is as surely to destroy commensurately our own employment in sugar production as suns continue to rise and set.

But sugar production here will not be the only thing wiped out by increased tropical competition. The Tropics have all we have and much we have not. They can produce everything that we can and things we can not. This applies not only to agricultural and orchard products but to manufactures as well. Let down our tariff dike ever so little and to that extent we have wiped out our own industries all along the line.

A sufficient protective tariff is the only handicap which can prevent our capital from gravitating outward, both toward the lower pay rolls of Europe and Japan and the lower latitudes of Mexico, Cuba, South America, the Philippines, India, southern China, northern Australia, and Africa.

The more the foregoing "law" is studied, the more just appear its conclusions and the more vividly it appears that he who comes to your committee asking for more protection is seeking something in whose benefits the whole nation must share; while he who pleads in any degree whatever for lower tariffs—it matters not upon what kind of goods—is pleading for himself alone and the opportunity to profit from the impoverishment of the nation. He alone is asking "class legislation" of the narrowest and most cruel kind.

Respectfully submitted.

ROSWELL A. BENEDICT.

FREE SUGAR.

SUPPLEMENTAL STATEMENT SUBMITTED BY CLAUS A. SPRECKLES
IN ADVOCACY OF FREE SUGAR.NEW YORK, *December 3, 1908.*

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

SIR: In a statement presented to your honorable committee on November 18 I submitted certain facts showing the advisability of a material reduction in, or the entire abolition of, the duties now imposed on imported sugar. I showed that with free sugar, refined sugar could be sold at an average of about 2 cents per pound cheaper than it is now being sold to the consumer. The consumption of the United States being 3,000,000 tons annually, 2 cents per pound, or \$44.80 per ton, would mean a saving to the American people of \$134,000,000 a year. The average per capita consumption of sugar is 80 pounds, so that the average family of five consumes, say, 400 pounds of sugar yearly, and, with free sugar, could save on this quantity 2 cents per pound, or \$8 per annum.

Sugar is not a luxury, but a necessity. Why is it, then, that the Government sees fit to place such a heavy tax as this on a necessity? Certainly the people, as a whole, do not benefit by it, and if it is to raise revenue there is no good reason why such a heavy burden should be placed on sugar while other commodities are admitted free, or with comparatively low duties.

In view of the heavy burden imposed on all the people of the country by the heavy sugar tariff, the question naturally arises: "Who receives the benefit from this excessive duty?" When the subject is carefully analyzed, it is found that the "sugar trust" is the chief beneficiary of the present system, and that the practical result of the sugar tariff is to make possible abnormal profits for the "trust" at the expense of the consuming public.

In a letter to your honorable committee the "sugar trust" advances as the principal reason for maintaining the existing tariff the time-worn argument that their stockholders would be injured by a reduction in the duty. The directors of the "trust" seem to believe that the fact that the present large dividends to their stockholders (numbering in all only 18,052) might be reduced is a good reason why the 90,000,000 people of the United States should continue to pay an annual tax of \$134,000,000.

The independent refiners, who are few in number, frankly state that they would be perfectly satisfied with free sugar and that they do not need any protection.

The people as a whole, therefore, may well ask why it is that they are compelled to bear this heavy tax, which benefits so few. The answer of the "sugar trust" protectionist is that the domestic sugar industry must be protected. They, however, begin by first discriminating against certain domestic producers. We refer to the domestic producer in the Philippine Islands (which is as much a part of the United States as Michigan or Louisiana), who has to pay on sugars shipped to the States the full duty less a reduction of only 25 per cent. In other words, with the exception of this reduction of 25

per cent, Philippine sugars have to pay the same duties as if they were imported from a foreign country. This effectually stifles the Philippine sugar industry and as the Philippine Islands are dependent on the American people for fair treatment, this instance can hardly be cited with pride as an example of the American's idea of a "square deal." The "sugar trust" has no interest in the Philippine Island industry.

The other domestic producers, Louisiana, Porto Rico, Hawaii, and the domestic beet sugar industry, supplied during the past year a part of our requirements of 3,000,000 tons annually, as follows:

	Tons.
Louisiana	335, 000
Porto Rico	194, 000
Hawaii	460, 000
Domestic beet	440, 000
Total	1, 429, 000

Porto Rico and Hawaii combined produced 654,000 tons of this total, and they need no protection.

With modern methods of cultivation and manufacture, these countries are so favorably located that they profitably produce sugar in competition with the world. The Hawaiians admit that during the past year they made \$15,000,000 profits on their crop of only 450,000 tons, although they sold their entire crop under contract to the "trust" at 1.1 cents to three-eighths cent per pound under the New York price (which New York price was at times 20 to 40 points under the parity of the world's markets), and while, of course, they are in favor of a protective tariff, so as to enable them to make these enormous profits, this is not the popular idea as to the object of a protective tariff. The "sugar trust" is willing to help these planters in their fight for protection, as they control the price at which their product shall be marketed, and as cited above are able to secure it at considerably under the markets of the world. With free sugar, these plantations would continue to make a reasonable profit, and the people of the country, as a whole, would benefit.

As for Louisiana, this can hardly be called an "infant industry," they having cultivated sugar since 1823, and have only succeeded in getting the total production up to 335,000 tons. In 1894-95 they produced 319,000 tons. Last year, while they received a protection on foreign sugar that paid a full duty of 1.685 cents per pound for 96° test, they were selling their sugar to the "sugar trust" (and refused to treat with the independent refiners) at 90 cents per hundred under the markets of the world, so that they were then receiving a protection of only a trifle over three-fourths cent per pound. The present crop will be larger than the last one, so that marketing their sugars under these conditions must have been profitable to them. On these figures a protection of three-fourths cent per pound would be ample, notwithstanding the fact that the methods of cultivation and the sugar mills are not modern in any sense of the word. With modern, up-to-date methods, it is believed that Louisiana could get along well enough without any protection. But those interested in the Louisiana sugar industry show no disposition to keep abreast with the times by having up-to-date sugar mills, run on scientific lines, but prefer keeping a strong "lobby" in Washington, so that the entire

country may be taxed abnormally for their benefit. In effect, the Government is asked to place a premium on inefficiency.

As the "sugar trust" is able to buy Louisiana sugar at so much under the world's parity, it is plain to be seen why they are interested in the so-called "protection" to the Louisiana planter, which, theoretically, protects him to the extent of 1.685 cents per pound, but actually enables him to secure only a trifle over $\frac{1}{4}$ cent per pound of this amount.

This leaves only the domestic beet-sugar industry (which is controlled by the "sugar trust") to be considered. Last year the beet-sugar refineries produced 440,000 tons, distributed in part as follows:

	Tons.
California -----	63,847
Idaho -----	27,715
Utah -----	39,720
Colorado -----	183,345
Total -----	314,627

These refineries are favorably located and have nothing to fear from free competition with the world, and well-posted men, in a position to know, claim that they can produce granulated sugar at $2\frac{1}{2}$ cents per pound. Of course they, like Hawaii and Porto Rico, are anxious to have a high protective tariff, as it enables them to make large profits at the expense of the consumer. As a matter of fact, on account of most of the domestic beet-sugar plants being located in the Western States they, in addition to the tariff, have the advantage of freights to most distributing points, which in some cases is over $\frac{3}{4}$ cent per pound. They would have this protection, even with absolutely free sugar.

In States like Wisconsin, which produces 13,751 tons, and Michigan, which produces 76,078 tons, and of the several other States, which combined produce 35,000 tons, a total of 124,649 tons (which is equal to less than three weeks' meltings by Eastern refiners), it is perhaps true that on account of their unfavorable location, they can not produce beet sugar as economically as those more favorably situated, but is it right that they should locate where nature never intended that beets should be grown economically, and then expect the American people, as a whole, to be taxed 2 cents per pound, or \$134,000,000 annually, on the sugar they use in order to support this small industry, the total valuation of the sugar which they manufacture being only \$11,250,000. The average acreage per farmer devoted to sugar beets is small; for example, in Michigan it is only 4.7 acres. It would be far better to use this land for the purpose of cultivating more profitable crops. Their argument for protective duty might be used by some one who desired to produce sugar in Alaska and found it necessary to have 5 cents per pound protection in order to do so.

It is urged that the excessive duty is necessary in the interest of American labor, but, as a matter of fact labor receives no benefit from the tariff on sugar. A large percentage of the sugar beets grown in this country are cultivated by cheap Asiatic laborers, and the increased cost of the sugar consumed by the millions of workers in other industries far outweighs the trifling wages paid the few Americans engaged in growing beets. It is not pretended that the

wages of beet cultivators is in any instance higher than that of farm laborers in general.

An effort is made by some to confuse the issue by saying that the duty on raw sugar should be left where it is, but the so-called "differential" on refined should be reduced. This argument is shattered by the statement of independent refiners that they are perfectly willing that there should be no duty on refined if there is no duty on raw sugar; secondly, by the fact that refined sugar receives very little protection under the present rates. The duty on raw sugar testing 96° is 1.685 cents, on refined sugar 1.95 cents. But on raw for every degree over 96° the government taxes 0.035 cent advance. But refined sugars test practically 100°, or 4° over 96°. Adding the increased duty for the increased test, we would have to add 14 points to 1.685 cents, or 1.825 cents, so it will be seen that even under the present rates independent refiners only have an actual protection of one-eighth cent per pound, while the "trust" have the same plus their special advantages.

In reply to my statement, showing the injurious effect of the present excessive tax on sugar on our export trade in articles in the manufacture of which sugar is an important material, it has been urged that under our customs drawback law the duty paid on imported sugar is refunded when such sugar is exported as a component part of any manufactured article. It is true that the drawback law is supposed to provide for a refund of the duty on sugar exported as part of manufactured articles, but the conditions relating to the use of sugar in manufacturing processes render this provision of no practical benefit. The sugar which enters into general consumption includes duty-free domestic cane and beet sugar; duty-free sugar from Porto Rico; imported sugar from Cuba and the Philippines, on which a reduction of the sugar duties is allowed, and sugar from other countries on which the full tariff rates are imposed. It is practically impossible for the manufacturer of articles for export to know which kind of sugar he is using, or to keep the various kinds of sugar separate, so that he can be sure that a certain quantity of imported duty-paid sugar is contained in a particular shipment of his exported products.

Even if it were practicable for the manufacturer to use only duty-paid foreign sugar, the trouble and expense involved in complying with the regulations governing the payment of drawbacks would in most cases make it unprofitable to recover the duty.

Under the present drawback law and the regulations issued by the Treasury Department to carry it into effect, imported raw sugar entering into the manufacture of refined, which in turn is used in preserving the exported articles, must, in order to insure the collection of the drawback, be identified. The word "identify," as used in the law, is construed by the Treasury Department to mean that the manufacturer of the articles intended to be exported must swear that certain specified imported duty-paid materials actually entered into the manufacture of such articles. Compliance with this condition would be practically impossible unless the packer knew in advance that a portion of his product would be sold for export and arranged to use sugar which had been refined from raw sugar, paying the highest rate of duty assessed by the tariff.

The regulations prescribed for the identification of the exported materials require entries to be made at the custom-house at the port of export for each lot of exported goods, and the articles containing the duty-paid material must be inspected by customs officials. Certificates showing the importation of the duty-paid sugar, its delivery to the refiner, and its subsequent delivery to the wholesaler or dealer from whom the manufacturer purchases it, must be filed, together with the copies of the bill of lading covering the exported articles. Where the drawback exceeds a certain amount consular certificates showing the landing of the exported articles in a foreign country must also be furnished. Thus it can readily be seen that in view of the fact that the articles in the manufacture of which sugar is used are generally exported in small lots the recovery of the drawback is exceedingly difficult and, as a rule, unprofitable.

The collection of claims for drawback necessarily involves the employment of customs agents, whose charges represent a considerable percentage of the amount recovered.

In addition to the direct cost of collecting drawback on sugar, the interest on the amount paid as duties, which may not be refunded for a long period after they are paid, is a considerable item of loss.

Some relief from the present difficulties of collecting drawbacks would be afforded by the amendment of the drawback law, as provided for in the bills introduced in Congress by Hon. William C. Lovering, of Massachusetts; but under any conditions the domestic manufacturer using duty-paid sugar will be at a disadvantage in competing in neutral markets with foreign manufacturers enjoying the privilege of free sugar.

Yours, very truly,

CLAU'S A. SPRECKELS.

HAWAIIAN SUGAR INDUSTRY.

SUPPLEMENTAL STATEMENT SUBMITTED BY F. M. HATCH, REPRESENTING THE HAWAIIAN SUGAR PLANTERS' ASSOCIATION.

The sugar industry of Hawaii to-day shows an actual investment of over \$70,000,000.

The property representing this investment is assessed for taxation purposes in an aggregate sum of \$69,200,000.

There are 70 plantations, whose shares of stock are widely distributed in individual holdings. The corporate organization has been adopted as a method of cooperation, as well as to secure limited liability of investors. Without the latter the development of an industry involving as much risk as is involved in starting a sugar plantation could not have taken place in a community having so little accumulated capital as Hawaii. The result has been that almost the entire community in Hawaii is interested in, and to a large extent dependent upon, the sugar business—both directly as shareholders, sugar stocks being widely distributed among the people as above pointed out, and indirectly through connection with a hundred and one forms of business dependent upon sugar for existence.

Notwithstanding the very promising results expected, and to some extent obtained, by the new industries now being started in Hawaii,

which have excited great local interest, sugar continues the mainstay of the islands. It is the sugar industry which pays the great bulk of the taxes and without which the Territory could not keep up its schools and other institutions, and would, in fact, become speedily insolvent. The vital importance of the upkeep of this industry in Hawaii to the entire population of the islands can not be too strongly emphasized.

Hawaii is handicapped by heavy cost of production in sugar and by a large marketing expense. Cultivation is intensive; replowing follows every second ratoon crop; irrigation and the fertilizers used add greatly to the cost of production.

The following table shows the capital invested, percentage of profit and dividends paid, with New York prices of raw sugar, for the last five years for which the figures are available. The results in 1907 would not materially change the averages. The returns for 1908 are not yet at hand, but the crop will be larger than in previous years, amounting to 520,000 short tons.

Year.	Capital invested.	Per cent profit.	Per cent dividend paid.	Average New York price 96 raws.
1902	\$63,940,650	1.31	2.75	0.03542
1903	64,878,931	7.02	2.40	.03720
1904	65,431,573	7.02	2.96	.03974
1905	66,663,645	12.52	8.71	.04278
1906	70,913,796	7.05	6.34	.03686
Average		6.984	4.632	.03840

The five years covered in the above table represent a fair average of the sugar industry in Hawaii; they include the year 1905, when the price of raw reached the highest point in the past ten years. The average price in New York for 96 centrifugal sugars during the five years covered was 3.84 cents; this figure is above the normal price for sugars, and is higher than may reasonably be expected in the next five years under present tariff conditions.

Sugar is almost the only staple commodity that has not materially advanced in price to the consumer during the life of the Dingley tariff law. While meat, flour, lumber, shoes, steel products, and coal have advanced from 20 to 40 per cent, the average cost of sugar to the actual consumer has remained substantially the same for the past ten years.

The average price of granulated sugar during the first year of the Dingley tariff was 4.80 cents; the average price during ten years of the Dingley law has been 4.85.

Exaggerated statements are frequently seen in regard to yields and profits in the Hawaiian sugar industry. The average yields of 4,403 short tons per acre for an eighteen months' crop in Hawaii have been made possible by the most scientific and expensive system of agriculture; the milling processes have also been developed until they are the most efficient in the world.

Cuban yields per acre through a ten-year period would be approximately 2½ tons per acre on new lands.

In Hawaii a crop requires eighteen months to mature; hence the average yield of an acre of land in ten years would be 29.354 short

tons, or an average of 2.935 tons annually. In addition to this, time must be lost for frequent replowing and replanting in Hawaii.

Consideration may reasonably be asked for sugar plantations operating under average conditions. The records for the last five-year period show annual profits per hundred pounds of sugar as follows: 12 cents, 54 cents, 62.8 cents, 98.9 cents, and 58.8 cents; an average of 57.3 cents.

This demonstrates how relatively small and uncertain the margin of profit is; the wide fluctuations in the world's price of sugar makes the uncertainty even more pronounced.

This average profit on Hawaiian sugar production during the last five-year period of about 57.3 cents per hundred pounds was approximately the same as that of the beet-sugar producers of the United States. If the duty had been one-half cent per pound less, the earnings would have been about 7.3 cents per hundred pounds.

A reduction of one-half cent per pound on the sugar tariff within the last five-year period would have made a decrease of 6.06 per cent on the total earnings of Hawaiian sugar plantations. This would more than have wiped out all the dividends paid during those years, and would have left the entire industry without any return on the capital invested after allowing for depreciation.

No agricultural or industrial enterprise can reasonably be expected to do business on a smaller margin than 7 per cent average earnings where there are conditions of hazard such as inevitably exist in the sugar industry.

Any material reduction in the sugar schedules would cause an immediate and crushing loss on existing properties and a complete demoralization of the commerce and industrial life of Hawaii. Hawaii is practically a one-crop country. No remunerative crop exists to replace sugar if this should have to be abandoned. The capital invested in sugar would become almost a total loss, the most expensive parts of sugar plants not being available for other purposes.

The loss would not be confined to the sugar business, much more than the fate of a single industry is involved, so far as Hawaii is concerned.

A disorganization of the sugar industry would be a public disaster, the effect of which upon the Territory as a whole would be immeasurable.

F. M. HATCH.

MAPLE SUGAR.

HON. WILLIAM P. DILLINGHAM, SENATOR, FILES LETTER OF C. B. WELCH, OF RUTLAND, VT., ASKING FOR RETENTION OF PRESENT DUTY ON MAPLE SUGAR.

RUTLAND, VT., *November 28, 1908.*

HON. WILLIAM P. DILLINGHAM,

Montpelier, Vt.

DEAR SENATOR: Your kind favor of the 27th is received.

We wrote to Congressman Foster and Plumley and to Senator Page the same time we did to you, in substance the same.

Your suggestion to have a meeting immediately of those interested who have a special knowledge of the conditions of the maple-sugar industry is a proper one.

I noticed that the Ways and Means Committee were in session at Washington and wondered whether anyone was looking after the maple sugar and sirup interests.

The facts are as stated in my last letter. If the duty is reduced, Vermont will lose all the benefit which had been hoped would come to the industry by the enactment and enforcement of the pure-food laws—

First. Because a lower duty will discourage the maker from making more, because the competition from Canada will lower the price. In face of the fact that there was a large crop made the last two seasons and the price was much lower, there is still more maple sugar in Vermont to-day than there ever was at this time of the year.

Second. There are not one-quarter of the maple trees tapped in Vermont that would be if the market for the genuine article was better and the competition from the imported article was eliminated, and also, provided the pure-food laws were more rigidly enforced.

Third. The Canadian production can be increased many times more than can possibly be made in the United States. If the duty is lowered, it will increase the importation considerable and stimulate the production of this article in Canada. If we stimulate the production in Canada, it will necessarily discourage the production in the United States.

Fourth. The importation of maple sugar into the United States is quite a large item. (See U. S. Reports.) The fact that it is imported in large quantities is evidence the duty is too low. Most every lot imported is in carloads; very little, indeed, in less than carload lots. We know of one maple-sirup maker in the West who imported 40 carloads during the season of 1905, all of which was made into adulterated maple sirup. This Canadian maple sugar is sold to the large dealers in all of the large business centers in the United States.

We hope you will be able to get this address to the Ways and Means Committee in time to be of actual benefit.

Below we give you the amount of maple sugar produced annually in Canada, taken from the Canadian census report of 1901 of the Dominion of Canada:

Maple sugar, total, Dominion of Canada.

	Pounds.
1881.....	20, 556, 049
1891.....	25, 088, 274
1901.....	17, 804, 049

Total pounds, by Provinces.

Year.	Quebec.	Ontario.	New Brunswick.	Nova Scotia.	Prince Edward Island.
	Pounds.	Pounds.	Pounds.	Pounds.	Pounds.
1881.....	15, 687, 835	4, 169, 700	453, 124	217, 441	25, 908
1891.....	18, 875, 231	5, 665, 788	840, 781	194, 232	7, 604
1901.....	18, 564, 891	3, 912, 640	207, 450	112, 496	1, 068

There are 58,313 maple-sugar orchards in operation in all of Canada; 40,432 are located in the Province of Quebec and 17,179 in Ontario, the balance scattering.

Total pounds, by Provinces—Continued.

[United States Census Report.]

	Sugar.	Sirup.		Sugar.	Sirup.
Vermont:	<i>Pounds.</i>	<i>Gallons.</i>	New York:	<i>Pounds.</i>	<i>Gallons.</i>
1890	14, 123, 927	218, 000	1890	10, 185, 673	457, 658
1900	4, 479, 870	160, 918	1900	3, 628, 540	413, 150
Ohio:			New Hampshire:		
1890	1, 575, 562	727, 142	1890	2, 124, 515	81, 967
1900	613, 990	923, 519	1900	441, 870	41, 588
Pennsylvania:			Michigan:		
1890	1, 651, 163	154, 650	1890	1, 641, 402	197, 775
1900	1, 429, 540	100, 297	1900	302, 715	82, 997
Massachusetts:			Maine:		
1890	515, 674	33, 632	1890	84, 537	71, 818
1900	192, 990	27, 174	1900	5, 500	41, 588
West Virginia:					
1890	177, 724	19, 082			
1900	140, 550	14, 874			

Balance scattering.

Grand total for the United States.

	Maple sugar.	Maple sirup.
	<i>Pounds.</i>	<i>Gallons.</i>
1890	32, 952, 923	2, 258, 376
1900	11, 228, 770	2, 066, 611

Yours, truly,

C. B. WELCH,
For Maple Tree Sugar Company of Vermont.

SUGAR COST.**STATEMENT COMPARING COST OF PRODUCTION OF MARKETABLE GRANULATED SUGAR IN UNITED STATES FROM CUBAN SUGAR CANE AND DOMESTIC BEET ROOT.**CLEVELAND, OHIO, *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The consumption of sugar in the United States in 1907, according to Willett & Gray's Statistical Journal, was 2,933,984 tons. Under the present tariff rate, 40 per cent of this sugar is free of duty; 45 per cent comes in under a concession of 20 per cent from duty; but 5 per cent pays full duty. This is shown by the following table:

TABLE. I—*Showing consumption of sugar in 1907, per Willett & Gray, in tons of 2,000 pounds.*

Domestic:		
Beet	375, 410	
Cane	264, 968	
Maple	10, 000	
Molasses	6, 249	
		656, 627
Hawaiian		418, 102
Porto Rican		212, 858
Total duty free, 40 per cent		1, 287, 587

Cuban sugar, 20 per cent concession.....	1, 340, 400
Philippines 25 per cent concession.....	10, 700
Total tariff-concession sugar, 45 per cent.....	1, 351, 100
Sugar on which full duty is paid, 5 per cent.....	355, 297
Total consumption for 1907.....	2, 933, 984

The cost of production of either cane or beet sugar is an amount variable with the location and conditions under which it is produced. In making a comparison it is necessary to place them at a parity as near as possible. To do this, I take results obtained from the best factories of both countries under conditions that are favorable to both industries.

It is quite true that the cost of production of cane sugar in Cuba in the old sections with their antiquated methods is higher than will be shown in my statements.

The same is also true regarding the production of beet sugar under modern methods in the less favored localities in the United States.

Preceding the detailed statement of cost of manufacturing of cane and beet sugar, I submit the following which will show that the figures give in Table III are within the limits of practice:

TABLE II.—*Showing the average of Cuban and Hawaiian estates.*

	Average 16 Cuban.	Average 7 Hawaiian.	Per estimate.
Per cent sugar in cane	13.94	14.79	14.00
Purity	84.16	88.88	84.00
Per cent sugar made	10.86	12.88	12.89
Pounds per ton of cane.....	217.20	257.60	247.80
Gallons molasses	6.22	.....	2.80
Highest yields—			
	16 Cuban works.	7 Ha- wailian works.	
Highest per cent sugar in cane	16.28	15.78	
Highest purity of cane.....	91.25	90.35	
Highest per cent sugar made	12.45	14.01	
Highest pounds sugar per ton cane.....	249.00	280.20	

The difference in results in the foregoing table in favor of the Hawaiian sugar houses is owing to better methods of the latter, which is equaled by the best Cuban factories.

TABLE III.—*Showing statement of cost of production for sugar from Cuban sugar cane and domestic sugar beets.*

	Sugar cane.	Sugar beets.
	<i>Per ton.</i>	<i>Per ton.</i>
Cost of growing.....	\$1.6964	\$3.000
Freight .....	.2567	.350
Agricultural experiments.....	.0479	.172
Net cost delivered.....	\$2.001	\$4.522
Operating expenses:		
Labor .....	.2330	.5541
Fuel .....	.0444	.42
Lime.....	.0025	.21
Chemicals .....	.0061	.0313
Lubricants and waste.....	.0067	.0100
Filter cloth .....	.0111	.060

TABLE III.—*Showing statement of cost of production for sugar from Cuban sugar cane and domestic sugar beets—Continued.*

	Sugar cane.	Sugar beets.
	<i>Per ton.</i>	<i>Per ton.</i>
Operating expenses—Continued.		
Laboratory supplies	\$0.0028	\$0.0083
Packages, bags .....	.1167	.3400
Cutter knives and files .....		.0074
Miscellaneous .....	.0056	.0150
	\$0.4289	\$1.6461
General expense:		
Administration .....	.0555	.160
Maintenance .....	.2778	.50
Interest .....	.3333	.6250
Taxes .....	.0167	.1338
Insurance .....	.0013	.0250
	.6846	1.4433
Total cost	3.1145	7.6114

The above statement shows the cost of production and the manufacturing cost of raw sugar in Cuba and granulated beet sugar in the United States. It may be noted that it costs double the amount to produce a ton of beets than a ton of sugar cane. This is particularly due to the fact that the yield of sugar cane is greater per acre, averaging 30 tons, for a period of ten years, and requires planting only once during that time, while the sugar beet yields in the best localities 12 tons per acre and requires planting every year.

The operation of a beet plant is much more complex than that of manufacturing raw cane sugar. In the item of fuel, the well-constructed cane plant is supplied at comparatively no cost by using the cane after the sugar has been extracted, which furnishes all the fuel required.

The manufacture of beet sugar requires 12 to 14 per cent on the weight of the beets in coal for fuel.

In the item of labor, supplies, taxes, and like items the cost is much greater, more than double, in beet sugar plants, as may be seen by referring to the above table.

The cost of production of sugar from either plant varies according to the sugar contained in the plant and its degree of purity. I submit a table showing the yield of both in raw and refined cane sugar and granulated beet sugar from their respective plants of the same analysis:

TABLE IV.—*Cost of production in terms of raw and refined sugar from materials of varying quality.*

Analysis.		Per ton sugar cane.				Per ton sugar beet.	
		96 per cent raw sugar.		Refined f. o. b. New York.		Granulated white sugar.	
		Pounds.	Cost per pound.	Cost per pound.	With duty.	Pounds.	Cost per pound.
Per cent sugar.	Purity.		<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>		<i>Cents.</i>
14	84	247	1.261	2.084	3.382	208.5	3.65
15	84	266	1.171	1.94	3.288	224.8	3.886
16	84	286	1.089	1.854	3.202	241.1	3.157
17	84	305	1.021	1.784	3.132	257.4	2.957

No account of molasses is taken in either case.

The cost of refined sugar is found by reducing the raw sugar to terms of pure sugar and adding cost of—

	Cents.
Freight from Cuba.....per 100 pounds.....	10.0
Marine insurance, basis of 2½ cents c. and f.....	1.0
Mending, weighing, and tare.....	1.5
Lighterage, if any.....	3.0
Brokerage.....	.5
Commission, at 2½ cents.....	6.0
Per pound.....	.22
Duty 1.685 cents, less 0.337 (20 per cent differential).....	1.348
Cost of refining on pure sugar.....	.50
Total.....	2.068
The average net price, 96 per cent raws f. o. b. Cuba, past ten years.....	{ 2.247 2.15

By referring to Table IV it may be seen that the average sugar cane 14 per cent, 84 purity, will yield 247 pounds sugar per ton, which is shown to be substantially the same as shown as Cuban and Hawaiian results in Table II. That the same sugar may be laid down, refined, and duty paid, f. o. b. New York for 3.382 cents per pound.

It is also shown by the same table that the average sugar from sugar beets of 15 per cent, 84 purity, which is the average of beets grown in the United States, will yield 224.8 pounds of granulated sugar, at a cost of 3.386 cents, as substantiated by Table V. The evidence is that the cost of Cuban sugar under present duty laid down and refined in New York without profit to the producer is nearly the same as the cost of producing dry granulated beet sugar without profit to its producer.

Table IV shows that in the production of sugar from either cane or beet, under existing duty, from plants containing less than 15 per cent sugar, the advantage is in favor of production of sugar from sugar cane, but from plants containing above 16 per cent sugar the cost of production favors the sugar beet. This advantage, however, is lost to the manufacturer of beet sugar for the reason that it must include the profits to the farmer. The producer of sugar cane has another advantage in the fact that it requires much less labor to produce sugar cane than it does to grow sugar beets, and it is easily within the resources of a cane factory to grow and harvest its own sugar cane. But with a beet factory the requirements in the way of intensive cultivation, labor, implements, and cost is so great as to make it too unwieldy and impractical for the beet-sugar factory to grow its own crop.

The following table shows the cost of production of sugar from ten modern and well-located factories in the United States, and is offered in corroboration of Table IV:

TABLE V.—Cost of making beet sugar in seven representative factories.

Analysis.		Cost.	
Per cent sugar.	Purity.	Per ton beets.	Per pound granulated.
14.68	82.8	8.30	3.461
14.40	83.6	8.228	3.543
15.06	84.5	8.155	3.630
15.10	82.1	9.095	3.650
15.49	82.3	8.493	3.532
15.54	83.9	9.082	3.574
14.73	81.4	8.356	4.695
15.055	82.9	8.522	3.732

From a study of Tables II, III, IV, and V, it may be seen that the quality of either cane or beet makes an enormous difference in the cost of production of sugar. The beet grower by modern methods and intensive cultivation has reached nearly the maximum of what may be expected from that plant, while the cane-grower, on the other hand, has not improved his methods for generations, it being quite easy for him to increase both the yield in tons and sugar percentage by improving his methods in both field and factory.

The development of the Cuban sugar industry is a question of finance and improvement of methods and not one of reduction of duty.

I lay particular stress on the cost of production and refining of Cuban cane sugar as compared with that of production of domestic beet sugar, for the reason that Cuba is our principal source of supply and the greatest competitor of the American market. It is the country that the producer of sugar in the United States has most to fear.

The cane sugar industry may be readily extended in a comparatively short time to produce more than the entire consumption of the United States. Only 20 per cent of the tillable land of the island is now under cultivation. The cane industry will continue to expand rapidly under the present tariff. Cuba is in a position to compete in the markets of the world, while the domestic grower of cane and beet sugar requires protection in the home market.

The price of sugar is made in Magdeburg, Germany. The market price of 96° sugar on November 25, 1908, was in Magdeburg 2.7 cents per pound. In New York, not including duty, 2.592 cents per pound, which shows that Europe is as favorable a market to-day for Cuban sugar as is New York, except for the 20 per cent concession from the Dingley tariff. It is a question as to the benefit of the 20 per cent concession to the Cuban grower. The price of Cuban sugar in New York should be 2.929 cents a pound for 96° sugar instead of the prevailing price of 2.952 cents a pound, if the benefit of such concession inures to the Cuban planter.

EDW. F. DYER,
THE DYER COMPANY,
Builders of Sugar Works.

SCHEDULE G.—AGRICULTURAL PRODUCTS AND PROVISIONS.

BEEF CATTLE.

W. S. WILLIAMSON, LONDON, ENGLAND, WRITES IN ADVOCACY OF
REMOVAL OF DUTY FROM BEEF CATTLE.

LONDON, *November 22, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington.

MY DEAR SIR: As an American, I protest against duty upon cattle. Import upon beef cattle should be removed.

Canada, Central and South American cattle are not up to the high standard of American breeds, and they can not compete with the

high-grade beef which those who have the price can afford to buy and enjoy. However, the cheaper grades of beef from foreign countries could be sent into New York and New Orleans and the poor people could enjoy a beefsteak or a roast once in a while. At the present price of beef it is prohibitive to the poor people.

The present price of beef on the hoof is about 2 cents per pound in Nicaragua, 3 cents in Honduras, 4 cents in Costa Rica. There are, in the mountains of Nicaragua, thousands of fairly good beef to be had, but they can't be shipped to New York or New Orleans at the present import tax. The present revenue to the Government is nil on import of cattle from Central America. If the tax was taken off, cheaper meat could be had by the poor people. I hope that you will do us the honor to investigate this sad condition of affairs and remedy the evil. Hoping that I may have the pleasure of meeting you on my return home.

Yours, very sincerely,

W. S. WILLIAMSON,
(Formerly of Cayuga County, N. Y.)

BULBS.

HON. S. W. McCALL, M. C., SUBMITS LETTER OF W. J. HARRIS, CAMBRIDGE, MASS., RELATIVE TO BULBS.

CAMBRIDGE, *November 15, 1908.*

DEAR MR. McCALL: I understand that the hearing before the Ways and Means Committee on proposed tariff revision takes up the subject of agricultural and similar products on November 18. I am very much interested on the subject of bulbs, on which there is now a duty of 25 per cent. I remember a conversation we had at Dean Hurlbut's on the evening when you spoke at the meeting for the award of academic distinctions. You were good enough to promise your interest when revision appeared likely.

The duty of 25 per cent was probably imposed to protect an effort started some years ago to grow commercially for propagation in this country some of the Dutch bulbs, such as tulips. The attempt, as far as I can learn after diligent search, has been a complete failure; at any rate no American-grown tulips can be found. I imagine the reason is one of soil, for, except in the case of a few kinds of bulbs, the Dutch supply the world.

Now, this duty has a very bad effect. You have doubtless noticed the great increase in interest in horticulture in this country in recent years. It has shown itself principally among people of very moderate means, and very noticeably among the poor. This has been evident in very marked ways among the competitions for prizes among the poor in the very sections of our cities where you would think the gardening instinct would have least chance. Now, while my business is teaching Greek in Harvard College, I have paid a great deal of attention to things having to do with gardens, and I am very thoroughly convinced that a love for a garden is one of the most ennobling influences, and that the possibility of cultivating one brings

a beauty and enjoyment otherwise absent from many lives. Bulbs are a great part of the garden; so if an unnecessary duty can be abolished a good work will be accomplished. The present blanket rate should surely in justice be altered. Tulips and hyacinths should certainly be free, as well as many others; no one would object to a duty to protect the fine lilies grown on the Pacific slope, but the needs of a few should not force a high duty on many in cases where no protection is needed.

You will probably hear that a duty is needed to keep the Dutch growers from "dumping" their refuse on our markets. The answer is that with our present duty our markets are deluged with the scourgings and leavings of Holland, because really first-class goods are made so expensive by transport and duty that only the well-to-do can afford them; the second-class bulbs, or poorer, are largely used here; even they are at present a good deal of a luxury except to the wealthy.

I beg your benevolent aid in the case of a duty which is practically of no protective value and is certainly a hardship.

Very truly, yours,

W. J. HARRIS.

BULBS AND PLANTS.

SUPPLEMENTAL BRIEF SUBMITTED BY WILLIAM PITKIN, ROCHESTER, N. Y., FOR THE AMERICAN ASSOCIATION OF NURSERYMEN.

ROCHESTER, N. Y., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: This committee represents the American Association of Nurserymen, whose membership embraces all the nursery sections of the country, and is authorized to speak for the entire nursery interests of the United States.

Under the present tariff schedule, nurserymen are interested in sections 251 and 252 of Schedule G. Section 251 covers certain specified items of bulbs and plants, on which the duty is 25 per cent ad valorem. We ask that the following items be placed in the free list for the reason that they are not propagated in this country, and we must depend on foreign countries for our supply, viz: Rhododendrons, azaleas, tulips, crocus, hyacinths, narcissi, jonquils, lilies, lilies-of-the-valley.

Section 252 provides for a mixed ad valorem and specific duty on certain fruit-tree and evergreen seedlings, for a specific duty on rose plants, and for an ad valorem duty on items "not specially provided for."

For the purpose of our argument we wish to divide this section into three paragraphs, to be considered separately, and to ask for the insertion or addition of a new paragraph removing certain items from the class "not specially provided for" and establishing a specific duty on such items.

(a) We ask that the schedule be changed on the items of fruit and evergreen seedlings, to provide for a straight specific duty instead of the present mixed specific and ad valorem rate, and that evergreen seedlings as well as fruit-tree seedlings be covered by the qualification of "three years old or less."

(It is the opinion of our committee that this wording was intended in the present tariff law, and that the change was merely a typographical error.)

We ask that the duty on myrobolan, mahaleb, and mazzard seedlings be \$1 per thousand plants instead of, as at present, 50 cents per thousand plants and 15 per cent ad valorem; and on pear, apple, quince, and St. Julien plum, \$2 per thousand plants instead of, as at present, \$1 per thousand plants and 15 per cent ad valorem.

By reference to the catalogues of French nurserymen from the three principal nursery sections of France we find that the proposed change means practically no difference in the actual dollars of duties paid, but simply a change in form. (For details of valuations and costs supporting this argument we refer to our brief, to be filed with your committee, Exhibit A.)

Now for the reasons: These seedlings are principally grown in France. They are a one-year crop like corn and potatoes, affected by weather and climatic conditions and therefore subject to quick and violent fluctuations in prices. At least 85 per cent of the quantities imported are contracted for from three to nine months in advance of the actual delivery in January and February, at which time the seedlings are dormant and in proper condition for shipment.

Under the tariff law the market value at port of export, at time of export, must govern the valuation on which duty is paid, and in this case this market value is controlled by the 10 or 15 per cent of the crop which may be unsold at the beginning of the shipping season. If the demand is heavy, or the crop short by reason of a poor growing season, the prices go up. If, on the contrary, a favorable season has produced a surplus, the prices go down. In other words, it is not a stable, steady market, and therefore it is difficult for the nurseryman who has bought early in the season to arrive at a correct valuation for the purpose of his custom-house entry.

If he guesses too low and his valuations are below those fixed by the Board of General Appraisers, to whose schedule he does not have access, he becomes subject to heavy penalties and fines, although his valuations are made according to his best judgment and may be much higher than his actual purchase prices.

If valuations at time of export are lower than his costs, he receives no benefit, as his entry must then be made at the higher cost price.

The present schedule means instability and fluctuations in cost to the nurserymen. The suggested change means stability and practically no change in the actual dollars of duty paid.

As nurserymen must wait three, four, five, or more years after planting before maturing and disposing of their crops, it will be conceded that stability in this matter is vitally important.

A specific duty will also tend to lessen the importation and planting of seedlings of inferior size and quality, which in most nursery sections of the United States will not produce strong, healthy, vigorous trees, and against which the present ad valorem rate counts for nothing, but which, if met with a specific duty, would be forced to find a market in other countries.

Previous to the passage of the present tariff law very few of these fruit-tree seedlings were grown in this country. To-day at least 90 per cent of all the apple seedlings planted are grown here, with smaller proportions of the other items.

(b) On rose plants, budded, grafted, or grown on their own roots, the present rate of duty is $2\frac{1}{2}$ cents each. We ask that this rate be increased to 4 cents each.

Now for the reasons: When the present tariff act was passed nurserymen were paying for labor from \$1 to \$1.50 per day of ten hours. We are now paying from \$1.50 to \$2 per day for the same labor.

In France and Holland, from whence roses and other finished nursery stock are principally imported, there has been no material increase in wages during the past ten years. Their average price for nursery labor, better skilled than ours, is 40 to 60 cents per day of eleven hours for men and from 30 to 50 cents per day for women, as against \$1.50 to \$2 for nine or ten hours' work in the nurseries of the United States.

When it is realized that a large proportion of the cost of a rose plant is labor, it will be conceded that 4 cents gives us now but little more protection than $2\frac{1}{2}$ cents did when the present tariff bill was passed.

The soil, climate, and moisture conditions of Holland are particularly adapted to turning out rose plants quickly, and the Hollander grows 80,000 to 90,000 plants to the acre; here we grow 18,000 to 20,000 only in the same space.

He produces large rose bushes, but the growth is forced, the wood is soft and pithy, and the plants do not succeed in our drier, colder climate, seldom surviving over a year. The public does not know this, and buys the plants because they are cheap. Thus are our prices fixed in Holland. The additional duty will help to control the situation.

If the present duty on roses is removed the rose growers of the United States would quickly be driven out of business, and naturally the Hollanders would immediately increase their prices by the amount at least of the present duty rate, thereby preventing any benefit to the American rose buyer.

Our committee is informed that Germany has established a tariff law on nursery stock which is practically prohibitive, resulting in closing that market against the Holland and French nurserymen and leaving this country as the principal dumping ground for their surplus and inferior products which can not find a market elsewhere.

(c) We ask for the insertion of a new paragraph after the item covering rose plants, as follows:

Conifera, two feet or more in height, transplanted stock, fifteen cents per foot or fraction thereof.

Deciduous shrubs, two feet high or more, transplanted, pæonias and clematis, five cents per plant.

Deciduous trees, three-quarter inch in diameter and over, measured twelve inches above the ground, five cents per one-quarter inch diameter or fraction thereof.

These five items are taken from the class "not specially provided for," at 25 per cent ad valorem and covered by a specific duty. In some cases the rate will be a little higher, in others a little lower, but the average increase will be slight.

The reasons for this request are our increased labor cost during the past ten years and the difference between labor costs in this country and abroad, as previously explained.

The nursery interests are large employers of laboring men, a very large proportion of the cost of trees and plants being made up by our labor pay rolls.

Further details as to costs, valuations, volume of imports, and rates will be submitted in a brief to be filed later with your committee.

The American Association of Nurserymen, by its committee on tariff: Irving Rouse, Rochester, N. Y., chairman; William Pitkin, Rochester, N. Y.; J. H. Dayton, Painesville, Ohio; F. H. Stannard, Ottawa, Kans.; James M. Pitkin, Newark, N. Y.; Theo. J. Smith, Geneva, N. Y.

EXHIBIT A.

In support of this statement we file catalogues issued by French nurserymen representing the three principal nursery sections of France, viz, Victor Detriche, of Angers, France; Levavasseur & Sons, of Ussy, France; Renault-Godefroy, of Orleans, France, and have marked in these catalogues in red ink the price considered in making up the average valuations.

We find as follows: That the valuations per thousand plants on Myrobolan, figured in United States currency, are \$4, \$3.20, and \$4; average, \$3.73. On Mahaleb, \$2.60, \$2.40, \$2.40; average, \$2.47. On Mazzard, \$3.50, \$3.60, \$3.60; average, \$3.57. The average of the three items would be \$3.26.

The present rate of duty is 50 cents per thousand and 15 per cent ad valorem, making 99 cents. The duties on cases which average in value \$4.40 is 66 cents, and an average case will hold about 12,000 plants, making an average rate of duty per thousand plants of 5½ cents, which, added to the figure above, makes a total charge of \$1.04½, as against \$1 asked for in the suggested change.

The prices quoted on pear are \$6.50, \$6, \$5.60; average, \$6.03; on apple, \$8, \$6.40, \$6.80; average, \$7.07; on quince, \$5.50, \$5.60, \$5; average, \$5.37; on St. Julien plum, \$6.50; \$6, \$6.40; average, \$6.30. The average for the four items would be \$6.19.

Under the present duty schedule we would pay 15 per cent ad valorem, 93 cents, plus \$1, plus duty on boxes 9 cents—\$2.02, as against \$2 asked for by the suggested change.

Under present tariff law we pay duty on cases which cost, on the average, \$4.40 each, and contain about 12,000 Myrobolan, Mazzard, or Mahaleb seedlings, and about 7,000 apple, pear, quince, or St. Julien plum seedlings, making average cost of duty 5½ cents and 9 cents per thousand plants.

The sizes and grades marked and considered are those imported in the larger quantities.

CANNED SCOTCH HERRINGS.

IMPORTERS OF FISH, NEW YORK CITY, ASK FOR SPECIFIC DUTIES ON THESE GOODS.

NEW YORK, *December 3, 1908.*

CHAIRMAN OF WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: For the last few years there has been considerable friction between importers of canned Scotch herrings and the customs authorities.

The present duty on these goods is an ad valorem duty of 30 per cent, and the trouble has at all times arisen as to the correct value of the goods at the time of shipment. There are many packers of these herrings; each one is competing against the other for business, and as a result there may be at the same time as many different values as there are exporters. Owing to this there may be several consignments arriving by the same steamer, each purchased and invoiced at a different price, and it is left for the appraisers to fix the market value of the goods at the time of shipment. Naturally, if the highest priced importation is accepted by them as the market value, every one of the other importers is obliged to pay not only the additional duty, but a heavy penalty, even though he has conducted his business legitimately and without the slightest intention to defraud.

The present petition is to suggest that the duty on these goods be made a specific instead of an ad valorem duty, thus removing all future annoyance.

There is absolutely no request in this petition that the duty be lowered to any extent, and the suggestion which we, the importers, make is as follows:

Add to paragraph 260: "Herrings, kippered or otherwise, preserved in tins, jars, bottles, or similar packages, 1½ cents per pound, including the weight of all tins, jars, or other immediate coverings."

To illustrate how this would work out as compared with present duties, we give the following figures. The weight of the goods referred to is approximately 17 to 18 pounds per dozen, say:

	Cents.
Seventeen and one-half pounds, at 1½ cents per pound.....	26.25
Present value of goods referred to is three-thirds at 30 per cent.....	23.73
Value in recent years has been as low as two-ninths at 30 per cent.....	20.00
Value has been as high as three-ninths at 30 per cent.....	27.36
Fair average price on these goods one season after another would be about three-sixths at 30 per cent.....	25.53

From the above figures it will be evident to your committee that we are quite willing that the same revenue should be obtained by the Government on the importation of these goods, and that our desire for a change from ad valorem to specific duty is entirely for the purpose of getting a sounder basis to work upon.

The signatures which follow include all of the importers of these goods in the city of New York.

Your obedient servants,

Alex. Roberts, jr.; Austin, Nichols & Co., per J. C. Mahlon;
Rosenstein Brothers (Incorporated), A. Goldmark,
president; Francis H. Leggett & Co., H. Brunie;
Meyer Cangy, 195-7 Franklin street; R. C. Williams
& Co., A. P. Williams; Maclaren Imperial Cheese
Company (Limited); H. W. Beaded; Mors & Co.;
B. M. Shipman; Neuman & Schwiars Co.; L. H.
Schwiars; J. M. McNiece & Co.

EXHIBIT A.

[Extract from Journal of Commerce of November 16, 1908.]

Although there is no concerted movement in importing grocery circles to attend the hearings at Washington Wednesday in the interests of tariff revision, it is likely that a number of prominent im-

porters will individually appear and watch proceedings lest questions of interest to them arise. There are many directions in which the present tariff provisions are inadequate or unsatisfactory; and any purpose to correct them will be popular in the trade.

Importers of canned fish and vegetables are considerably interested in the schedules of their products, especially as to which system of tariff collections shall be applied—specific or ad valorem. In the tariff of 1896 many articles imported for the grocery trade were put on the specific basis, and now there is a strong movement in favor of adding others—in fact, practically all. The present penalties for undervaluation and the danger of inadvertently coming under ban is a constant menace to honest importers and has brought them almost unanimously to favor a specific rating.

Under the present practice the customs officials have a way of arriving at their own ideas of true values of invoices and impose fines for any undervaluation of goods from that standpoint. They permit the variation of 1 per cent, but beyond that there is a fine of 1 per cent of the value of the goods for every 1 per cent additional of variation. Thus, if an importer should undervalue 10 per cent he would be fined 9 per cent of the value of the goods in addition to the original duty. More than one reputable house has been caught this way, though perfectly innocent, and they are now completely at sea as to how to proceed.

There might be 20 firms importing the same lines of goods at about the same time, all varying in their ability to buy cheaply and therefore having goods at varying costs. Which shall be the basis of ad valorem assessment by the officials? It is useless to take the invoice as a basis. The goods might have been bought weeks or months before shipment—bought as futures, perhaps—at far different prices from those obtaining at the time or port of shipment. The importer has no knowledge what value the Government proposes to use and must file his entry valuation before he finds out. If it does not agree with the Government's ideas a fine is forthcoming, justly or unjustly. The Government can not rely on varying invoice values because of the obvious opportunities presented for fraud.

In this predicament most of the importers have reached a conclusion—at least in the grocery trade, where values are subject to sudden changes—that a specific duty of so much a case, or tin, or pound, would be much more satisfactory than the schedule based on values. If they are heard at all, it will be one of the chief contentions raised.

CASEIN.

THE CASEIN COMPANY OF AMERICA, NEW YORK CITY, URGE RETENTION OF PRESENT DUTY ON CASEIN.

NEW YORK, *November 27, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: At the tariff hearing on November 19 last there appeared before you a Mr. Burdette, representing practically all of the surface-coated paper manufacturers of the United States, and urged

upon your committee the necessity of amending paragraph 594, lactarene, by adding the words "or casein," so that a quietus might be put on the controversy as to whether casein is or is not lactarene, and enable casein to be brought into this country duty free. In addition to representing three companies with a combined capital of about \$20,000,000, Mr. Burdette claimed to represent also the National Association of Coated Paper and Board Manufacturers, comprising at least 17 companies of large capital engaged in the manufacture of surface-coated paper.

Considering the fact that surface-coated papers are protected under paragraph 398 by a duty of $2\frac{1}{2}$ cents per pound and 15 per cent ad valorem, the demand of that great aggregation of capital, the "National Association," that casein shall be entered duty free is unfair, to say the least. Casein is a product of the creameries of this country. Its chief use is in the manufacture of surface-coated paper. In our own name as manufacturers, and speaking also for other manufacturers, and for hundreds of creameries in this country, and for thousands of farmers delivering their milk to such creameries, we ask that lactarene be taken off the free list and that casein and lactarene be made dutiable, as follows: Casein or lactarene, unground, $2\frac{1}{2}$ cents per pound; ground, $2\frac{3}{4}$ cents per pound.

This duty is asked solely with the object of protecting the American farmer, creamery man, and manufacturer of casein against the product of the Argentine Republic, which is menacing the casein industry of this country. The duty asked for covers merely the difference between the cost of skimmed milk and labor in the United States and the Argentine Republic, respectively.

In order that your committee may see that this protection is necessary, we desire to inform you that we have the sworn statement of the largest producers of casein in the Argentine Republic that, on the basis of a production of 3,800 tons per annum, ground casein can be produced in Argentina at a cost of about \$0.0347 per pound, which would make the price f. o. b. New York about \$0.0365 per pound. Based on an equal production of casein in this country during 1908, the actual cost of the ground casein, New York, was \$0.063 per pound. You will see, therefore, that the difference in price of South American and domestic casein, ground, f. o. b. New York, is $2\frac{3}{4}$ cents per pound. As the cost of grinding is one-sixth of a cent per pound, it would follow that the duty on the unground casein should be $2\frac{1}{2}$ cents per pound.

Action by Congress in protecting the casein industry of this country is the more imperative because the United States courts, interpreting the law as they found it, have held that casein is lactarene, and entitled to free entry as such under paragraph 594. The casein interests of this country look, therefore, to your committee to make such recommendations to Congress as will safeguard their industry and relieve it from the peril in which the United States courts have placed it.

The history of lactarene and casein is both interesting and instructive. In 1848 the term "lactarene" was applied in a British patent to the curd of milk used as a substitute for albumen as a mordant in calico printing. The use was not successful and the industry became obsolete. How insignificant this lactarene industry was may be gath-

ered from the fact that in the hearings before the Board of Appraisers the importers of casein were able to show, during the entire tariff history of this country, the importation of only three casks of lactarene—in 1889. Nevertheless, they have successfully invoked the assistance of the federal courts in resurrecting this obsolete term to enable them to bring their product, casein, into the United States free of duty.

The casein industry of this country had its commercial beginning about 1896, when improvements in the mechanical separators used by the creameries for skimming milk made possible the production of skim milk practically free from the cream or butter fats used in butter making. This, in turn, made possible the production of casein of commercial purity. As far back as 1896 casein was applied as a binder in the manufacture of surface-coated paper. The application was a success. To-day millions of pounds of casein are used annually for this purpose.

This casein industry was built up under many obstacles. It was developed by a study of milk statistics in hundreds of sections of the country and by locating casein equipments at creameries in sections where milk was most plentiful. It was difficult at first to get the creameries interested. The machinery had, in most instances, to be installed for them and the creamery men carefully instructed. Then it was necessary to introduce the product to the paper-coating mills. Progress was made only after the most discouraging experience. But the product eventually came into successful use and by 1900, according to the United States census report of that year, the production of casein in this country had increased to about 12,000,000 pounds for that year. The bulk of this casein was used in the manufacture of surface-coated paper.

It should be mentioned here that casein is present in milk in a very small amount—between 3 and 4 per cent, the yield being about 3 per cent. On the basis, therefore, of a production of 12,000,000 pounds per annum, there must have been some 396,000,000 pounds of skim milk used to produce this casein. This skim milk was treated at hundreds of creameries. It is probably not far from the truth to say that in the manipulation of 396,000,000 pounds of skim milk for the production of 12,000,000 pounds of casein the process will be carried out at some 400 creameries, scattered all over the country, from Maine to California. The creameries get their milk from the farmers, the number of farmers per creamery ranging from 20 to 250. On the basis of 100 farmers delivering their milk to each creamery, there would be, in the production of 12,000,000 pounds of casein per annum some 40,000 small farmers involved. By virtue of the ability of the creamery to utilize skim milk for the manufacture of casein the farmers receive a higher price for their milk than if the skim milk were thrown away or used for feeding purposes.

Casein from the Argentine Republic appeared in this market during 1904. With regard to this casein Mr. Burdette stated before your committee that our company conducted a case before the Board of Appraisers in New York, testing the dutiability of the article, but that we later "changed front entirely upon the question of duty." The reasons for this abandonment of our protest against the action of the collector were pointed out to the Treasury Department and

were entirely satisfactory to that department. These reasons had nothing to do, in spite of Mr. Burdette's statements to the contrary, with the rupture of our relations with South American producers.

Further, after an interval of some eighteen months, the menace of Argentine casein had become very great and we saw that it was to the interest of domestic producers that a specific duty should be assessed against importations of casein. When the danger was recognized our company gave the Government all the help in our power, that the danger might be averted. For the last three years we have urged that casein be made dutiable.

The menace of Argentine casein came prominently before us during the course of 1905. The European market was then supplied with casein exported in considerable quantities from the United States. Our own company was something of a factor in this European business. Before the close of 1905 such was the volume of low-priced Argentine casein shipped into Europe that we were driven from that territory altogether.

After driving us out of Europe, the Argentine producers offered their product in this country in competition with the product of domestic creameries. In 1905 the price of casein to the paper coaters was 8 cents per pound. It had stood at that figure for six years. In 1906, to meet the competition of the Argentine casein, the price here was reduced to 7 cents per pound. The following year found the Argentine casein pressing us harder than ever, with the result that we had to offer casein in this country at $6\frac{1}{2}$ cents per pound. The only way in which we could meet the Argentine price was to offer the creameries less for their casein than we had previously been paying.

Is not this the crux of the whole matter and the determining factor, indicating the necessity of a duty on casein in the interest of those milk centers now engaged in the production of casein? To compete with Argentine casein, entered free of duty, the manufacturer here will be obliged to reduce the price he pays the creameries for casein and the creameries, in turn, will reduce the price they pay the farmers for their milk.

But this is not all. There is a low limit to the price of casein at which the creameries will not manufacture it. When this point is reached the creamery will throw away the skim milk or use it for feeding purposes. Hence, if the casein industry is to be preserved, it is necessary that it should be protected by a duty sufficiently large to overcome the difference between the price of skim milk and labor in the United States, compared with those factors in the Argentine Republic.

We are filing with this memorandum a copy of the government brief in the suit of the United States *v.* Brownell, and invite your attention to pages 29 to 32 of said brief, covering the tariff history of this country, so far as it relates to lactarene. We are satisfied that after reading same the opinion of your committee will be unanimous that had casein been a commercial quantity when the tariff act of 1897 was adopted, Congress would have taken lactarene from the free list and made casein dutiable in its stead.

Particularly, we mention the fact stated in that brief that, with one exception, milk and milk products are dutiable in the tariff act of 1897, as follows: Butter at \$0.06 per pound, under paragraph 236;

milk (fresh) at \$0.02 per gallon, under paragraph 238; milk (preserved or condensed, or sterilized) at \$0.02 per pound, under paragraph 239; milk sugar at \$0.05 per pound, under paragraph 239; cheese at \$0.06 per pound, under paragraph 237.

It has always been the desire of Congress to protect the agricultural products of this country. That casein was left out of the act of 1897 was due to the fact that it was not a commercial entity at that time. But if that omission was made in 1897, is it not now the duty of Congress to make good that omission by treating casein the same as other products of the dairies?

We can not conclude this memorandum without referring to some statements made by Mr. Burdette, with the object of influencing your committee to give favorable consideration to the matter of putting casein on the free list.

One statement made by Mr. Burdette is that our company has a practical monopoly in furnishing casein in this country. Nothing could be further from the truth. We give below the names of 19 manufacturers of casein, creameries, or dealers in casein at this time engaged in active competition with our company. All of these, with the exception of T. M. Duche & Sons and Doherr, Grimm & Co., are either actively engaged in the manufacture of domestic casein or handle the product of domestic creameries:

Union Casein Company, Diamond Creamery Company, Nowak Chemical Works, Richard Heim, Milk By-Products Company, Innis, Speiden & Co., Geo. M. Munro & Co., Howe, French & Co., D. W. Whiting & Son, Diamond Casein Company, Simpson, McIntire & Co., F. Atteaux & Co., F. Behrend, T. M. Duche & Sons, Paper Makers Chemical Company, Doherr, Grimm & Co., H. B. Hood & Son, C. Brigham & Co., Sheffield Farms-Slawson-Decker Company.

We should like it noted here that, in our opinion, Mr. Burdette adopted an unfair method of bringing the claims of his clients before your committee. Again and again he referred to our company as a monopoly. While we have a few creameries of our own, we buy the product of hundreds of creameries scattered over the United States. In each of these creameries is a little equipment for the manufacture of casein. As already explained, the creameries buy their milk from the farmers, and by reason of their ability to manufacture casein from skim milk are able to pay the farmers a higher price for their milk. Mr. Burdette knew that if he presented this aspect of the case that aggregation of large capital, known as the Association of Surface-Coated Paper and Board Manufacturers, with their own surface-coated papers protected at 2½ cents a pound and 15 per cent ad valorem, would receive scant attention from your committee. He therefore directed his attack upon our company and hoped, by characterizing us as a monopoly, to secure more favorable consideration for the claims of his constituents. We have given you the names of 19 manufacturers or dealers in casein who are actively competing with us. We do not think further evidence is necessary to show that our company has no monopoly of the casein business of this country.

Another ground on which Mr. Burdette asks for the entry of casein free of duty is that our company can not supply the imperative demand of the paper manufacturers, because we can not ourselves get the raw material. We should like to mention in this connection that

from the beginning of our organization in 1900 to the close of 1905 it had been the invariable practice of our company to accumulate large quantities of casein for the benefit of our customers. Our stock at times ran up to 4,000,000 or 5,000,000 pounds, and in all the contracts we made it was stipulated that our company should furnish the full requirements of our customers. As explained to you, in 1905 the Argentine producers drove us out of Europe and menaced us here with their product. At the close of 1905 we asked the coaters to buy their requirements from us, particularly as we had accumulated millions of pounds to meet their needs. Their reply was that there was no obligation to buy from us. We had to reduce the price of our product from 8 cents to 7 cents a pound in order to hold our trade. The following year, 1907, we had to reduce our price to 6½ cents per pound, because the paper coaters ignored the fact that we had accumulated large stocks to meet their requirements and used our necessities to force us to meet the competition of the Argentine product.

With the paper coaters showing a disposition to buy solely from those who would sell their casein cheapest our company was obliged to curtail production and reduce our stocks. If, therefore, the paper coaters have found that their penny-wise policy has resulted in insufficient stocks of casein being held for their requirements they have no one to blame but themselves.

Mr. Burdette further stated that the domestic supply of casein of this country "is entirely inadequate to meet the demand of the paper manufacturers." We take issue with Mr. Burdette in this statement. We have during the present year furnished casein to our own trade, and in addition have sold over a million pounds to coating mills who are not amongst our regular customers. In addition to that we have nearly a million pounds more stock on hand than we had at the beginning of the year, showing that the consumption has not been equal to production.

Mr. Burdette undoubtedly refers to the increasing large quantity which he thinks his clients will consume during the ensuing year. This extra large consumption has only been foreseen since the November elections. If, on the other hand, the elections had turned out differently and the country had entered on a period of industrial stagnation the surface-coated paper manufacturers would not have bought from this company or from anyone 1 pound more of casein than they had use for. Under these circumstances we and no other manufacturer of casein felt any incentive to accumulate a large stock of this commodity. If there be a shortage the policy of the surface-coated paper manufacturers, as shown by their attitude toward our company, will readily explain the shortage.

As a matter of fact, there need not be other than a temporary shortage of casein in this country. It is simply a question of the development of the industry. If Congress will accord the measure of protection that will equal the difference between the cost of skim milk and labor in this country, as compared with those factors in the Argentine Republic, new creameries will be equipped with casein machinery and the product of this country will be largely increased. In the meantime the Government would have the revenue.

Mr. Burdette stated that the importations of casein had practically ceased for two reasons, one of which was the imposition of the present duty (20 per cent ad valorem). Such a statement could only be

made through ignorance. We have already referred to the sworn statement of one of the largest producers of casein in the Argentine that, on the basis of the production of 3,800 tons per annum, casein can be made in the Argentine at a cost of about \$0.0347 per pound. Mr. Burdette's statement that the collection of a duty of 20 per cent on casein which can be produced for $3\frac{1}{2}$ cents per pound in the Argentine will preclude its importation to the United States in competition with casein selling at 8 cents per pound is unworthy of consideration.

Mr. Burdette stated that he thought his clients should be able to buy their casein "for not over $6\frac{1}{2}$ cents a pound," and Mr. Julius M. Mayer, who also addressed your committee, stated that his clients, T. M. Duche & Sons, "were not taking chances on bringing casein in with a duty added and make a profit at $6\frac{1}{2}$ cents a pound, because they were afraid that the Casein Company of America might cut under their price." As T. M. Duche & Sons represent the largest producers of casein in the Argentine Republic, it might be inferred that the members of the Association of Surface Coated Paper Manufacturers have had negotiations with those handling the Argentine casein and are in a position to buy the Argentine product at a lower price than our company or other manufacturers in the United States can afford to sell it.

So far as the ability of our company to sell casein at $6\frac{1}{2}$ cents a pound is concerned, we state emphatically that notwithstanding Mr. Burdette's representations we can not furnish this commodity at that price. If such stocks of casein as we have sold this year had been marketed at $6\frac{1}{2}$ cents a pound, our company would have sustained a loss throughout the entire year.

On the first page of this memorandum we have informed you that this year the actual cost of domestic casein, New York, has been \$0.063 per pound. That covers the bare cost of labor, material, and freight. No selling or general expenses are included in this figure. As a matter of fact, these expenses are very high. The casein has to be accumulated in the summer months, when milk is plentiful, and carried over to the winter months, when it is distributed. Furthermore, in this industry it is customary to pay agents 5 per cent for making sales, and practically all sales are made through agents. On top of the 5 per cent commission on sales the trade deducts 2 per cent for discount. In addition, freights have to be paid to the coating mills, and in many cases there are allowances to be made. Then there is the depreciation of plant and machinery, which is very large.

As the actual cost of casein f. o. b. New York is 6.3 cents per pound, not much thought need be wasted as to whether we have the ability to sell the product at $6\frac{1}{2}$ cents per pound, from which must be deducted 7 per cent for commissions and discounts and an additional amount to cover general expenses of the company, depreciation of plants, etc.

Mr. Burdette appealed to your sympathies when he stated that his clients, S. D. Warren & Co., had to get their surplus supply of 500,000 pounds of casein by picking it up, by "traveling around through the wilds of Maine, getting the dairies there to put a part of their skim milk into casein." What, then, must be said of the difficulties of our company, which is expected to meet the requirements of a large number of the surface-coated paper manufacturers of this country and who have been called upon to send our agents into

hundreds of sections of this country in order to get the casein which these paper coaters require?

The business is not what might be called profitable. There is too much expense necessary in exploitation. It is doubtful if we have made for the entire period since the organization of our company to the present time 6 per cent per annum on our investment.

So far as Mr. Burdette's statement, that our company has heretofore required the surface-coated paper manufacturers to contract that they will not buy their casein supplies from anyone else, is concerned, that statement is untrue with respect to every contract where we have not agreed to supply the maximum requirements of the coaters. If we agree to furnish their maximum requirements, it is proper that they should buy their requirements from us. Beginning 1907 it has been our practice to supply a stipulated quantity, minimum and maximum amounts. The minimum we oblige the coater to take, the maximum we agree to deliver. The coater is privileged to buy outside any amount in excess of that which our company is unable to deliver, and from whomsoever he may wish.

Mr. Burdette stated that if the three surface coated paper companies which he represented (with a capital of about \$20,000,000) could buy their casein from abroad and bring it into this country free of duty, those three mills would make a saving of \$50,000 to \$75,000 a year. We do not notice in Mr. Burdette's remarks that he explained the details of this saving. He did not, for instance, tell your committee that the coating is only about 25 per cent of the weight of the surface-coated paper, and that there is only about 15 per cent of casein in the coating, and that a reduction in the price of casein from 8 cents to 6½ cents per pound would only make a difference of about one-twentieth of a cent per pound in the cost of the coated paper. This amount is so insignificant that the consumer would certainly not get the benefit of it. The surface coated paper manufacturers would realize this benefit at the expense of the agricultural and dairy interests of this country.

We ask your committee if it be fair to accede to the claims of the surface coated paper manufacturers, with a capital probably in excess of \$100,000,000, and with an industry which is protected by a duty of 2½ cents per pound and 15 per cent ad valorem, that casein be entered free, at the expense of destroying this casein industry which has been built up so laboriously over a period of fourteen years? We do not believe that your committee will accede to that request.

On the contrary, we believe that a consideration of the facts will make your committee overwhelmingly of the opinion that for the protection and furtherance of the casein industry of this country the imposition of a duty on importations of casein is a necessity. We respectfully ask that this industry be protected by taking lactarene, paragraph 594, off of the free list and making it and casein dutiable, as follows: Casein or lactarene, unground, 2½ cents per pound; ground, 2¾ cents per pound.

Yours, respectfully,

CASEIN COMPANY OF AMERICA,
By MAURICE BARNETT, *Secretary*.

COFFEE.

HON. J. KALANIANA'OLE, DELEGATE FROM HAWAII, ADVOCATES
A REVENUE DUTY ON COFFEE.WASHINGTON, D. C., *December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Hawaii does not ask nor expect that a duty be placed on coffee merely for the protection of Hawaii, Porto Rico, and the Philippines. In other words, we do not ask that the people of the United States shall be taxed for the mere purpose of building up the coffee industry in the insular portions of the United States.

We do, however, strongly contend that if an additional revenue source is required in the new tariff law, as is likely to be the case, there is no other staple upon which the imposition of a new or added duty would have so small a proportion of that duty added to the actual consumer's cost as on coffee.

The reasons for this are twofold. The first of these is so clear as to admit of no denial.

When coffee was placed on the free list in this country, in 1873, the coffee-producing States of Brazil imposed an export tax on coffee. The result has been that about \$380,000,000 has gone into the Brazilian treasuries from this source. Every dollar of this could have gone into our Federal Treasury through a coffee tariff without adding to the consumer's cost in this country.

The export tax is still in force in Brazil, varying in amount from 1 to 3 cents per pound.

A tariff on coffee would, to the extent of the foreign export tax, simply transfer that amount of income from the Brazilian to the United States Treasury without affecting the consumer one iota.

The second reason why a tariff on coffee would affect the consumer but little is found in the fact that coffee is retailed at a high margin of profit above the import price. Coffee imported at 8 cents costs the consumer 20 cents per pound, with higher grades in proportion.

Price records prove that the removal of the coffee tariff has not reduced the cost of coffee to the consumer in proportion to the world's prices. The additional profit has simply gone to the jobber, the roaster, and the middleman.

Protected staples, such as flour and sugar, are sold to the consumer at a very narrow margin of profit; on the other hand, duty-free coffee is made to yield a very high profit to the dealer.

If a duty of 5 cents per pound were placed on coffee, it would first of all knock out the foreign tax which is already borne by the consumer.

The difference between the foreign tax and a duty of 5 cents would very largely come out of the middlemen's profit; the actual added cost to the consumer would be very small.

There is no reason why the consumer should not pay a small tax on coffee, the same as on any other food or stimulant. Talk of a free breakfast table is an illogical absurdity. Why should the breakfast eater pay duty on the chair and rug on which he sits, on the very table

from which he breakfasts, the linen, cutlery, and dishes that equip it, the tin pot in which the coffee is made, the cup that contains it, the sugar that goes into it, and the spoon that stirs it, and not pay the pittance of tax that would be added on his coffee?

Moreover, there is no longer the reason to offer for retaining coffee on the free list "that there is no domestic production." In both Hawaii and Porto Rico coffee is already a staple product.

In Porto Rico coffee was the chief product a few years ago. In both Hawaii and Porto Rico the coffee industry was encouraged by the former governments; in both countries the industry has gone backward under the American flag because of the lack of protection. The loss in Hawaii has been far more than the mere wiping out of invested capital. It has been an almost fatal blow to an industry which made most possible a citizen landowning and land-tilling class.

Coffee growing is preeminently the small man's industry; it can be carried on on a small scale, and affords suitable labor for all members of the family. No form of agriculture is better adapted for the small independent owner.

A tariff on coffee would produce a large revenue; but, in addition, it would directly and chiefly benefit the small landholder and the farming class. This is the class of people that must be encouraged in the new subtropical parts of our nation if they are ever to become Americanized.

Nor can it fairly be said that the number of people to be benefited by coffee protection is too small. The numbers of coffee growers that would be immediately benefited by a duty on coffee far exceeds even the present total of all persons engaged in tin-plate manufacture in this country; yet no one who believes in a protective tariff at all would now question the wisdom of having made that industry possible in the United States through protection.

The majority sentiment of this country probably desires that the new outlying parts of the United States shall be developed in a manner to give a possible home and a profitable independent landholding to the agricultural classes, and not merely to swell the commerce of those countries by production through large corporate operations. In Hawaii, Porto Rico, and the Philippines there is no form of agriculture better adapted to the small landowner or farmer class than is coffee, if reasonably encouraged.

Your committee is deeply interested in the development of the Philippine Islands, having already reported a bill to reduce the tariff on Philippine products.

If the object sought be to benefit the individual Filipino rather than merely to swell the total commerce of the islands, a tariff on coffee with free entry of Philippine coffee will be one of the most practical means of achieving that end.

Much has been said about free entry for Philippine sugar; but anyone acquainted with cane-sugar production knows that it is necessarily the industry of large plantations and corporations exclusively. A proper protection for coffee and its free admission from the Philippines would benefit the individual Filipino ten times more than according the same conditions on sugar. No well-informed person believes that the cane-sugar industry in the Philippines would greatly benefit the individual Filipino; it would simply afford a field for corporate capital; but the encouragement of coffee growing there, as

in Porto Rico and Hawaii, would be of direct assistance to that most important class in any country—the small agriculturalist.

There can be no question that the difference in cost of production calls for protection of coffee growing under the American flag as against Central and South America.

Labor for coffee cultivation in Hawaii costs from 80 cents to \$1 per day.

In Brazil wages are only the equivalent of 10, 15, and 20 cents per day.

In Guatemala wages are only the equivalent of from 10 to 12 cents per day.

In Mexico, and generally in Central America, wages are the equivalent of from 18 to 25 cents per day.

The low prices at which those coffees are sold in New York show conclusively their very low cost of production.

It is a noticeable fact that, with the exception of Mexico, every coffee-producing country sells us far more goods than it buys in our market.

The excess of their sales to us in 1907 over their purchases was as follows:

Country.	Excess.	Per cent of excess.
Costa Rica.....	\$2,494,000	200
Guatemala.....	1,023,000	140
Honduras.....	463,000	125
Venezuela.....	4,827,000	255
Brazil.....	79,183,000	523

This shows conclusively that free coffee does not extend our own export trade to coffee-producing countries. Since the Dingley bill went into operation our exports to Brazil have increased only \$5,379,000, while our imports from Brazil have increased \$36,131,000. In other words, our imports have increased seven times as fast as our exports.

A tariff policy that produces such results as this is indefensible from either a revenue or a protective basis.

If we wish to extend our trade with Brazil, it will be necessary to do more than to exchange friendly visits and assurances of good will. A maximum tariff of 5 cents per pound on coffee with a minimum of 3 cents, would afford the means of securing more export trade with Brazil than our present system of free coffee, with no leverage for securing trade benefits in return for the entrance to the greatest coffee-consuming country in the world.

Even free-trade England imposes a duty of 3.4 cents per pound on coffee. Germany levies 4.3 cents, Russia, 8.4 cents, and France, Italy and Spain from 11.9 to 13.2 cents per pound.

A maximum-minimum tariff of 5 cents—3 cents on coffee, would yield from thirty to fifty millions of revenue annually.

As only the smaller part of this would come out of the consumer, for reasons above stated, and as it would greatly benefit the most desirable agricultural classes in all the insular parts of our country, it

is hoped that such a duty will be favorably considered and written into the coming tariff bill.

J. KALANIANA'OLE,
Delegate from Hawaii.

HON. WILLIAM WARNER, SENATOR, FILES LETTER OF C. F. BLANKE, ST. LOUIS, MO., RELATIVE TO DUTY ON COFFEE.

St. Louis, December 2, 1908.

HON. WILLIAM WARNER,
Washington, D. C.

DEAR SIR: I note in an Associated dispatch news a contemplated duty of 3 cents a pound on coffee. This same news item says that the committee considered "that this additional duty would not increase the price to the consumer." A duty on coffee, no matter how much that duty would be, would be the most unpopular duty that could be imposed. It would naturally be paid by the poor and middle class. Three cents a pound would be an additional cost to the retailer of 5 cents a pound, which he would be obliged to add to the retail price of his coffees. This additional cost might be taken from the dealer's profit, and possibly a little from the jobber's profit on the highest priced coffee, bought by the wealthy people, but the cheaper grades would necessarily have to be sold to the consumers for at least 5 cents a pound more. It would compel the jobber and roaster to advance their prices to the dealer 4 cents a pound. Shrinkage on roasted coffee is figured at 16 per cent, or 16 pounds to 100 pounds. This would mean 48 cents on 100 pounds, or within 2 cents from being $\frac{1}{2}$ cent a pound that the shrinkage would cost.

The selling expense and cost of doing business for the jobber is 15 per cent and over. This would add another additional one-half cent to the jobber, compelling him to get 4 cents a pound more from the dealer. It costs the dealer very nearly 20 per cent to do business, so the additional cost to the dealer would be about 5 cents a pound, which, of course, the consumer would have to pay.

I hope that you will use your influence for the benefit of your constituents to discourage this tax on coffee.

Yours, very truly,

C. F. BLANKE.

COFFEE AND COTTON.

HENRY M. SWEETSER, EVANSVILLE, IND., RECOMMENDS AN IMPORT DUTY ON COFFEE AND AN EXPORT TAX ON COTTON.

THE TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, December 7, 1908.

The CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIR: I inclose herewith for your consideration a letter from Henry M. Sweetser, suggesting a duty on coffee and export tax on raw cotton.

Respectfully,

J. B. REYNOLDS,
Acting Secretary.

EVANSVILLE, IND., *December 2, 1908.*

Honorable SECRETARY OF THE TREASURY,
Washington, D. C.

DEAR SIR: We see in the New York papers that the Government requires a greater income. Why not put a tax on coffee of 5 cents a pound; also put a tax on raw cotton leaving this country of 2 cents a pound? By placing a tax on cotton it would give all our home manufacturers an advantage. The tax on coffee would produce a large amount of money for the Government. These two taxes alone would come very near running this Government. From your high-tariff friend and wellwisher.

Yours, respectfully,

HENRY M. SWEETSER.

CRANBERRIES.

HON. WILLIAM C. LOVERING, M. C., SUBMITS LETTER OF ABEL
D. MAKEPEACE, WAREHAM, MASS., RELATIVE TO CRANBER-
RIES.

WAREHAM, MASS., *December 1, 1908.*

Hon. WILLIAM C. LOVERING, M. C.,
Washington, D. C.

DEAR SIR: In connection with the contemplated revision of the tariff, hearings upon which are now being granted by the Ways and Means Committee of the House of Representatives, I desire to call your attention to the cranberry schedule.

The growing of cranberries as a commercial venture is, as you doubtless know, by far the most important branch of the agricultural industry in eastern Massachusetts. The value of the product for the year 1908 in the counties of Barnstable and Plymouth may be fairly estimated at \$2,000,000, and the product of these two counties probably represents one-half of the cranberry output of the entire country. Other principal cranberry-producing sections are located in New Jersey and in Wisconsin. In the preparation of bog lands for cultivation and in their care before and after reaching maturity, and in the harvesting and marketing of the crop, by far the largest item of expense is that of labor. The proceeds of the crop are very generally distributed among the residents of the community in which the work is carried on, and there are, indeed, very few households in this part of the State which do not derive a substantial benefit, either directly or indirectly, from the industry.

The principal imports of cranberries into this country come from Canada, there being bogs which are commercially cultivated in Nova Scotia, New Brunswick, and Ontario. By far the best export market is also that which we find in Canada.

Some time prior to the enactment of the Dingley bill the Canadian Government imposed a duty of 25 per cent ad valorem upon imports of cranberries. At the time the Dingley bill was under consideration there was inserted, at the request of the cranberry growers of Massachusetts and New Jersey, a like provision for a duty of 25 per cent on imports to this country, this being particularly aimed at the provision of the Canadian tariff which imposed a like duty upon our exports to that country.

Until the cultivation of cranberries in Canadian territory shall assume more formidable proportions I do not feel that the cranberry growers of this country would insist upon the 25 per cent duty as a measure of protection. But inasmuch as the Canadian duty of 25 per cent still stands against our product, it seems to us eminently fair that the present Dingley tariff of 25 per cent should continue as against imports from Canada.

If at any time in the future the Canadian government should show a disposition to reduce or remove their levy upon our fruit, I feel very positive in asserting that the cranberry growers of this country would offer no objection to meeting them on an equal footing.

I have tried to give you above a statement of the conditions as they exist, and would be grateful to you if they could be properly presented to the members of the Ways and Means Committee. If any further details or data are necessary or desirable, the same will be cheerfully furnished. If, in your opinion, a public hearing would be advisable, I think we can arrange to secure a creditable representation. To me, however, the matter seems to be so simple as to make the expenditure of time and money for a public hearing unnecessary.

I write as one with thirty years' experience in the business, having under my direct management cranberry interests involving an investment of half a million dollars and which employ about a thousand persons during each harvest season.

Very truly, yours,

ABEL D. MAKEPEACE.

CURRENTS AND RAISINS.

WILLIAM A. HIGGINS & CO., NEW YORK CITY, CLAIM THAT IF THERE BE ANY CHANGE IN DUTY IT SHOULD BE A REDUCTION.

NEW YORK, *December 3, 1908.*

MR. WILLIAM K. PAYNE,
*Clerk Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Our attention has been called to the statements made by Mr. M. F. Tarpey, representing the Fresno (Cal.) Chamber of Commerce in advocating an increase in the duty on raisins and currants and that the latter be called "seedless raisins." We beg to submit that such action is entirely unnecessary, for while we have always believed in and advocate now a protective tariff, we feel that the raisin industry of California is not only fully protected in the present tariff (2½ cents per pound), but in our judgment is overprotected, and if there is any change in the duty on raisins and currants it should be a reduction.

Besides being importers and wholesale dealers in foreign dried fruits and raisins we handle California dried fruits and raisins largely; in fact, the latter constitutes the greater part of our business, so we can write with some authority on the subject.

Re the article of currants, on which the present duty is 2 cents per pound, it has been our observation that currants are used simply

because they have a flavor desired and preferred by some consumers in preference to any of the seedless varieties of raisins, especially the Thompson seedless, and notwithstanding that during the past three years Greek currants (commercially known as Zante currants) have ruled higher in price than California seedless muscatels, seedless sultanas, and occasionally Thompson seedless raisins, the consumption of currants has not diminished, so that we, as distributors, have become convinced that Zante currants do not compete with any variety of seedless raisins and that any increase in the duty would be a hardship to a certain class of consumers—principally the working class—who would not accept the seedless raisins as a substitute.

Further than this the decided improvement in the process of bleaching Thompson seedless raisins has enhanced the average value of that variety to such an extent that growers net a handsome profit on each year's crop, and the character of the raisins is so changed that it is simply ridiculous to say that Zante currants could be sold and used as a substitute.

American producers of raisins are not only fully protected in the present tariff, but in the past they have shown a lack of appreciation of such protection. For example, a few years back (we have not the time necessary to look up data) the raisin growers formed a combination. A grower named Kearney was authorized to arrange the sale of the crops of the combined growers, and he was instructed to sell to Canadian consumers raisins at 1 cent per pound less than they were willing to sell to American consumers, from whom they sought and secured protection against foreign competition.

Mr. Tarpey stated that the Zante currants are nothing more or less than seedless raisins, but no unbiased expert will agree with that statement. They are very dissimilar both in appearance and flavor, and if the time was not so limited we could find a United States court decision in support of this contention. This action was brought in the interest of California growers during the life of the Wilson tariff law, under which currants were admitted free of duty, and the action sought to have currants declared to be raisins, on which a duty was imposed under the same tariff law, and the action, we repeat, was unsuccessful.

We favor a reduction from the present duty on currants to 1½ cents per pound.

Cleaned currants.—The so-called "Zante" currants have in the past been imported in uncleaned or natural condition, and many firms in this country, at considerable expense, installed machinery to wash and stem the currants, packing them into cartons, in which condition the consumer demanded them. But during the past few years shippers of currants in Greece installed cleaning machines of English make and ship currants to the United States (in cartons and bulk), in a cleaned condition, at 1 shilling to 1 shilling and 6 pence per 112 pounds (equal to a trifle over one-fourth cent per pound, American weight) over the cost of the uncleaned product; and as the cost of cleaning the currants and packing into cartons in the United States is three-fourths cent per American pound, the business of the currant-cleaning firms in Greece has steadily increased and threatens eventually to crowd out the currant-cleaning industry in this country, for it is simply a question of the difference in labor; and if the business

of cleaning currants is to be saved to American labor, an extra duty should be levied on currants imported in a cleaned and stemmed condition, whether imported in cartons or in bulk, this difference amounting to, as we have explained above, one-half cent per pound American weight.

Raisins.—The present duty of $2\frac{1}{2}$ cents is, in our judgment, higher than necessary by one-half cent to 1 cent per pound, and still afford ample protection to the interests of the American grower.

The great bulk of the raisins produced in this country consists of muscatel (or muscat) raisins; these raisins during the early life of the industry reached the consumer in original condition, i. e., containing the seeds, which the consumer extracted either by hand or with the aid of small hand machines; but of recent years power raisin-seeding machines were so perfected that they have been the means of increasing the consumption of muscat raisins enormously, giving the consumers large raisins with seeds extracted and ready for use.

These machines have not been used successfully with foreign raisins, for in connection with the machines a process consisting of heating the raisins at a high temperature was used that preserves not only the natural flavor of the fruit for many months after seeding, but prevents the raisins from becoming dry and sugar coated, which gives the raisins the appearance of being old. This preservation of the natural color and flavor of the fruit could not be accomplished with foreign raisins, the principal variety of which is the Valencia raisin of Spain, and which was, before the perfection of processing the raisins before seeding, the principal competitor of American muscatel raisins; for example, during the season 1907, when the stock of 1906 crop of California muscatel raisins was exhausted and prices advanced to a high figure and the crop of 1907 could not be harvested, seeded, packed, and received by eastern consumers until well into October, large quantities of Spanish Valencia raisins were imported and seeded to supply the great demand for raisins before the new crop of California muscatels was ready for shipment, and notwithstanding that the Spanish Valencia raisins were processed in the usual manner, they soon became dry, hard, and coated with sugar and so unsightly that the seeders suffered losses by reason of the rejection of the seeded raisins, and our own experience was such that we could not be induced to again undertake to seed Spanish Valencia raisins and place them upon the market; so that, in our judgment, even without any duty on raisins, California loose muscatels could be sold profitably in a seeded condition as against the Spanish Valencia raisins. The muscatel raisins, known as Malaga (Spain) raisins, are in such demand, packed loose, in Great Britain and Europe that they rarely find their way to the United States, even when values here rule abnormally high.

We believe that the duty on raisins should be not over $1\frac{1}{2}$ cents per pound.

Kindly acknowledge receipt of this communication.

Respectfully submitted.

WM. A. HIGGINS & Co.

DEXTRIN.

STEIN, HIRSH & CO., NEW YORK CITY, AND CHICAGO, ILL., ASK
FOR RETENTION OF PRESENT DUTY ON DEXTRIN.

NEW YORK CITY, 358 WASHINGTON STREET.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The undersigned are manufacturers of dextrin in the East and West, being pioneers in the western dextrin manufacture. We respectfully submit for your kind and earnest consideration a few facts, which will illustrate to you the necessity of the retention of duty on dextrin in order to enable the manufacturers of this article in the United States to continue their business. If the duty on this article is removed, it will mean the immediate closing of at least 12 factories, with invested capital of considerable over a million dollars.

The present duty on dextrin is 2 cents per pound. This has not prevented its being imported in large quantities, because it is extremely difficult for the American manufacturers to compete successfully with the European manufacturers.

The principal raw material used in the manufacture of imported dextrin is potato starch, which is produced in England, Austria, Germany, and Holland vastly cheaper than in the United States. Labor on farms in Europe is much cheaper than here, the wages in Germany for common labor being 2 to 3 marks, equal to 48 to 72 cents, per day, while here the lowest wages are from \$1.50 to \$2 per day; in Austria, 1 florin to 1½ florins per day, equal to 40 to 60 cents; in France, 2 to 3 francs, equal to 38 to 57 cents, per day. European factory wages show about the same differences, compared with the wages that the American manufacturers are compelled to pay. On skilled labor we are here at a still greater disadvantage.

It is a well-known and long-established fact that there is a vast difference in the quality of European and American potatoes, so that the European potato yields 20 per cent starch, equal to 12 pounds per bushel, while the American potato yields but 8 to 9 pounds, and only on rare occasions from selected stock close to 10 pounds.

The great demand for all kinds of cattle food in Europe enables the manufacturers there to utilize the offal, especially as the supply of potatoes is so abundant that the working season there lasts about eight months, enabling them to finish the process of fattening cattle. By reason of the insufficient supply of potatoes, and the resulting high prices thereof, the American working season is short, lasting only while the potatoes are brought from the field to the factories, and, with the accumulation of potatoes at the factory, altogether lasts only during the months of October and November, which makes the period of fattening cattle too short and uncertain, and as the offal can not be utilized otherwise it is wasted.

Freight rates from European ports to Atlantic seaboard ports like Baltimore, New York, Boston, and Philadelphia are about 10 to 12 English shillings per gross ton, equal to 10 or 12 cents per 100 pounds, while inland freight rates to the same seaboard, if shipped from the

States where the manufacture of potato starch is established, if from the State of Maine, 20 to 30 cents; from Wisconsin and Minnesota points, where most of the manufacturing is done by reason of the most abundant supply of potatoes, 30 to 35 cents per 100 pounds; and from Colorado points, 50 to 65 cents per 100 pounds.

The opposition to the present rate of duty on dextrine does not emanate from the consumers of dextrine, because they are being supplied with it now cheaper than they were even in the remote past, before import duties were imposed by the United States. In former years the importers of dextrine managed to monopolize the business and controlled prices, so that imported dextrine was sold at prices varying from 6 to 10 cents per pound. The present price of potato dextrine is about 5 cents per pound, and during several years when the potato crop was large, permitting potatoes to be sold cheap, potato dextrine sold as low as 4 to 4½ cents per pound. Thus the American manufacturer produced a supply of potato dextrine which broke the monopoly of the importers of dextrine. This explains the vigorous opposition of the importers, who alone are bringing all influence to bear in favor of reduction in the duty on dextrine, because they know that any reduction in the duty on dextrine will be fatal to the manufacture of dextrine in the United States, and again enable these importers to monopolize the business by importing cheaper than can be manufactured here, and again surrender almost complete control of the dextrine business of the United States to the European manufacturers of dextrine and their American representatives. They have nothing to lose, as they have no capital invested in the manufacturing industry in the United States.

The American manufacturer of dextrin has been greatly handicapped in competing against the great and numerous advantages of the European manufacturers, but found some relief in utilizing corn as a raw material for dextrin. Corn, however, produces only an inferior quality of dextrin, which of necessity must be sold at a correspondingly cheap price. With the advantages of this cheap price it has been possible to utilize it for certain kinds of industrial purposes, for sizing and finishing in the textile industry, in varnish and paint manufacture, in wood finishing, in the manufacture of carpets and oilcloths, in the manufacture of wall paper and other preparations of interior decorations, like plaster castings, in the manufacture of paper and paper products, and numerous other industries, as well as in the manufacture of all kinds of paste.

A reduction of duty on foreign dextrine would flood this country with the cheap European article and kindred still cheaper preparations that would make it impossible to manufacture even corn dextrin in the United States.

The unavoidable destruction of the dextrin industry would, by the reduction of duty, deprive the many other industries that are now depending upon it of a cheaper material. It would also deprive the great number of laborers and artisans and mechanics that are now employed here in its manufacture of their useful and profitable employment. It will also work a hardship in the agricultural districts, where many locations that have no railroad facilities are now utilizing potatoes by bringing them to factories when they could not utilize them otherwise, as it is too costly to transport by teams a great

distance. The home consumption of corn and potatoes in factories benefits farmers and their employees and great numbers of workmen in factories.

The dextrin manufacture, under the many disadvantages it must contend against, brings but small returns upon the investments, especially as this manufacture is hazardous. By reason of the high temperature employed explosions and fires are frequent occurrences. During the present year two factories were destroyed in this manner.

We earnestly hope that your careful consideration of this subject will convince you that the present duty on dextrin is not oppressive; that it is not only fair and reasonable, but is necessary for the existence of the dextrin industry in the United States.

Respectfully submitted.

STEIN, HIRSH & Co.,
New York City; Chicago, Ill.

DRIED CURRANTS.

THE W. H. MARVIN COMPANY, URBANA, OHIO, ASK FREE ADMISSION FOR DRIED CURRANTS, AND A DUTY ON CLEANED CURRANTS.

URBANA, OHIO, November 26, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We wish to discuss the duty now paid on dried currants raised in Greece and imported into the United States, in the first place, as to the advisability of continuing this duty, and, in the second place, as to having a duty placed upon cleaned dried currants, which are put up in packages ready for use.

Previous to the McKinley Act currants were imported free of duty. That law levied a duty of $1\frac{1}{2}$ cents per pound.

The Wilson law assessed the same amount, and the Dingley law levied a duty of 2 cents per pound.

These import duties were no doubt placed upon currants for the purpose of raising revenue and as a protection to the dried fruit industry of California in its infancy at the time the duties were first levied upon currants.

We submit to you that 2 cents per pound duty is equivalent to an ad valorem duty of from 50 to 90 per cent and that such a duty on an article found almost exclusively on the tables of the poor is excessive.

We submit to you that the California dried-fruit business is no longer in its infancy, but is now in a high state of development.

We submit that the duties upon dried fruits have made opportunities for associations of growers and dealers, which have dictated prices and forced extortion from the consumers of California dried fruits.

We submit the fact that California has been unable to raise dried currants and that in Greece is found the only soil in which these currants can be successfully raised.

We submit that dried currants are used almost entirely by people of small means and that the duty is a hardship upon them, and that this duty is levied upon an article which has not been and will not be raised in this country.

In the second place we think a duty should be levied upon cleaned dried currants. There is no distinction in the present law between dried currants and cleaned dried currants.

Dried currants in their original condition come to this country generally in barrels, and each currant has a small stem on it and a great deal of dirt and sand are mixed with the currants. A process of cleaning these currants and putting them up in packages has been developed, and they are sold now altogether cleaned and in cartons. The cleaning process gives labor to men who are paid from \$1.50 to \$2.50 per day.

The cartons are made by printers who pay American wages, and the cardboard is made in American mills. The cases are made by American box factories, and the lumber used comes from American timber.

Unfortunately for American industry the Greeks are developing the cleaning business, and now a great many currants are being shipped to this country already cleaned by Greek labor, packed in cartons and cases made in Greece.

We are informed that Greek labor can be had for 25 cents per day.

Finally, we ask the members of your committee to consider the above, and, if consistent with your views, to recommend the importation of dried currants free of duty, and the placing of one-half of a cent a pound duty upon cleaned currants.

Very respectfully submitted.

THE W. H. MARVIN CO.,

Cleaned Currants and Condensed Mince-Meat.

DRIED EGGS.

THE H. J. KEITH COMPANY, BOSTON, MASS., SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO DRIED EGGS.

BOSTON, MASS., 72 SOUTH MARKET STREET.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Statement supplementary to hearing November 19, 1908, before the Committee on Ways and Means of the House of Representatives:

Our drying and freezing of eggs preserve but do not transform them. They keep good eggs good, but do not make bad eggs good. Therefore we pack three grades of eggs for cooking and one for tanning. Also, there are some eggs we dump.

Concerning the quality of our own and other dried eggs, their value for food purposes, their fitness for making omelets, etc., I refer to the Paymaster-General of the Navy and to Paymaster Dyer, who has had the matter particularly in charge. I refer to tests made this year at the naval cooking school at Newport, R. I., and to the use of dried eggs on the battle-ship fleet. The fleet has been supplied with "Truegg," a dry-egg powder, made by the Merrill Soule Company, of Rochester, N. Y.

I refer to the booklet, Keith's Dried Egg and Frozen Canned Egg, dated May, 1908, and to the affidavit of G. C. Bowman, presi-

dent of the Seymour Packing Company, dated November 27, 1908, as to chemical composition of egg, number of eggs used to produce a pound of dried whole egg, kinds of eggs used, cost of same, and sundry other matters. I refer to market reports as showing different kinds of shell eggs used for food and differences in market value of these kinds. I refer also to common knowledge that not all shell eggs sold for food are equally fresh or good, and to the fact that retailers commonly offer two or more kinds or qualities at differing prices.

All these kinds and qualities of shell eggs bear the specific duty of 5 cents a dozen. I respectfully submit the proposition that 4½ cents a pound on bulk (uncondensed) eggs and 15 cents a pound on dried eggs of all kinds, including dried whole egg, dried yolk, and dried white (also called albumen), whether intended or used for food or for tanning, or any other purpose, are proper duties, for the following reasons:

Fifteen cents a pound is certainly not too much on dried white (or albumen), since it takes about 7 pounds of natural egg white to produce 1 pound of dried albumen, and if the egg consisted of white alone it would take about 6 dozen eggs to produce a pound of dry product.

Fifteen cents a pound is correct as applied to dried whole egg, as shown by affidavit of G. C. Bowman.

Fifteen cents a pound should be applied to dried yolk, since it is impossible to distinguish it by physical appearance from dried whole egg, and whole egg is regularly quoted and sold as yolk by many dealers, especially to tanners, who commonly attach little or no value to the white accompanying the yolk. The so-called "yolk," both bulk and dried, always contains some white, it being impracticable in commercial work to separate the white completely from the yolk. Some tanners use for some purposes perfectly fresh, sound table-grade eggs, both bulk and dried. We ourselves have sold and are still selling table-grade yolk to tanners. We see no reason, therefore, why even the best dried whole egg or dried yolk may not be declared as "dried yolk used chiefly for tanning," or specifically as "tanners' dried yolk," and then sold and used for food.

Moreover, the tanners' dried yolk regularly sold by us, some of which contains a larger percentage of yolk than does the dried whole egg and some of which is dried whole egg, does not differ in physical appearance from table grades of dried egg and dried yolk, though it does differ by reason of being musty and of containing eggs poorer in quality than we use in any of our cooking grades. The quantity of eggs produced in the United States that should, in my judgment, not be sold for food is greatly in excess of tanners' needs and of all demands for other than food purposes. It is a matter of common knowledge that not all shell eggs sold for food are good and palatable. I believe the sale of bad eggs for food is not a menace to the public health, for I believe that in the processes of decay eggs become repulsive before they become unwholesome, but their sale is a fraud on the public which would be lessened in extent if the demand for domestic eggs by tanners were increased.

An ad valorem duty on dried eggs must, in my judgment, tend to evasion of the duty by bringing in the eggs as tanners' stock; and if

this can not be made to serve in all cases, the tendency of an ad valorem duty must be to encourage importation of poor eggs having a low value, which would then be offered for food.

We have asked no protection for the manufacturing part of our business, but only that the producers of eggs be protected by a specific duty on eggs broken out from the shell, equivalent to and consistent with the specific duty on shell eggs. We believe this will let us live, but that it is not more than our business needs. We are told that dirty shelled fresh hens' eggs can be bought in large quantities in Russia at an average price of 5 cents per dozen. Jewish labor is abundant in the great egg-producing districts of Russia. I have for years employed Russian Jews in this country as handlers of eggs, and have found them to be of the highest efficiency and intelligence. They can be hired in Russia for a small fraction of what we pay them in the United States. We invite comparison of our costs, enhanced by a specific duty on the eggs we break, with Russian costs.

That there should be a specific duty of 4½ cents a pound on bulk (or condensed) eggs, broken out from the shell, frozen or otherwise, whether for tanning, food, or any other purpose, I submit without further argument.

There is domestic competition in the production of both dried and frozen eggs. This competition is increasing. It is already sufficient to hold our net margin of profit to a very small percentage.

We operate under the inspection and regulation of pure-food officials. This we deem a necessary protection to our business and desirable for the public, as insuring cleanly sanitary factory conditions and the use of eggs right in quality and condition. This supervision can evidently be applied more advantageously to the factory and raw material than to the finished product. If the eggs are produced abroad, can this supervision be had in the United States, except over the finished products?

The H. J. Keith Company's apparatus, processes, and product, also those of its leading competitor, have been greatly improved within the last eighteen months. We believe the dried-egg business has possibilities of great development and is worthy of your serious consideration. It opens up means of effective competition with domestic egg producers by importation of foreign egg products.

H. J. KEITH,

Treasurer of the H. J. Keith Company.

EXHIBIT A.

Statement of cost and weights of eggs broken out during part of year 1908 by the Seymour Packing Company, Topeka, Kans.

Date.	Dozen broken.	Cost.	Average per dozen	Pounds.	Average per dozen.
					<i>Pounds.</i>
4 weeks ending April 17.....	83,055	\$8,828.52	\$0.1063	96,610	1.163
4 weeks ending May 15.....	200,955	22,595.97	.1124	224,528	1.117
5 weeks ending June 19.....	211,695	23,427.74	.1107	239,210	1.129
4 weeks ending July 17.....	247,470	27,236.66	.11	275,064	1.111
4 weeks ending August 14.....	264,030	31,080.73	.1177	291,496	1.104
4 weeks ending September 11.....	250,140	35,617.59	.1424	279,189	1.116
4 weeks ending October 10.....	89,970	11,485.10	.1276	99,260	1.103
Total.....	1,347,815	160,272.31	.1189	1,505,356	1.117

STATEMENT OF DRIED PRODUCT DERIVED FROM RAW WHOLE EGG.

323,991 pounds of raw material produced 94,748 pounds of dried product, or the dried product was 28.8 per cent of the raw material used.

323,991 pounds of raw material at 1.117 pounds to a dozen is 294,518 dozen.

294,518 dozen eggs produced 94,748 pounds of dried material, or it took 3.1 dozen whole eggs to make 1 pound of dried.

EXPLANATORY STATEMENT.

The yield per dozen is slightly reduced by the throwing away of some eggs that when broken are found unfit for use. Except in early spring, the eggs are lighted before being broken, but the lighting test does not detect all the bad eggs; also some eggs that appear under the light test to be suitable for food are, when broken, found suitable for our tanners' grade only. The weight of the tanners' eggs is included above. Producers bring in some stale and bad eggs, the percentage of these being greatest in hot weather and late in the packing season. It is for our interest to obtain eggs in the freshest and best condition possible, and to dry them as quickly as practicable, for the sake of both quality and yield, and to lessen carrying charges. Nearly all our drying is done between April 1 and October 1 of each year.

We use for drying purposes chiefly fresh checked and dirty-shelled eggs of the best quality obtainable; that is, eggs having defective shells, but no other defects. These we can buy at less prices than eggs of no better quality, but having sound and clean shells. Checks and dirties are recognized market grades. Both are quoted and sold in the shell for food purposes.

Most of the eggs broken by us for drying are used in mixtures of yolk and whole egg. Our "dried product derived from raw whole egg" was therefore in the period covered above only 94,748 pounds.

Our figures show that the duty on bulk eggs, such as frozen eggs in cans, not dried or condensed, to be consistent with a duty of 5 cents a dozen on shell eggs, should be about 4½ cents a pound.

Eggs that have become noticeably offensive, as a result of decomposition, are not saved by us for tanning purposes, but are dumped. For cooking purposes we dry three grades of eggs separately, thus producing three grades of dried product suitable for food. These equal in freshness and wholesomeness market grades of shell eggs quoted and sold for food. Among the market shell eggs there are usually some bad ones, and others inferior to the grade in which they are quoted; whereas in our dried and frozen eggs all are of the grade quoted, the bad and the inferior eggs being detected and rejected in the breaking, which is done by hand, one egg at a time.

The foregoing statements are correct.

(Signed) G. C. BOWMAN,
President of the Seymour Packing Company.

Signed and sworn to before me, a notary public for and in the county of Shawnee, State of Kansas, this 27th day of November, 1908.

[L. S.]

(Signed) RALPH R. ROLLMAN,
Notary Public.

My commission expires February 21, 1912.

SUPPLEMENTAL STATEMENT OF THE NATIONAL BAKERS' EGG COMPANY, NEW YORK CITY, RELATIVE TO DRIED EGGS.

NEW YORK CITY, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Our sole desire is to call your attention to the inconsistency in the present application of the tariff on eggs in the shell and eggs in other forms, and to request, in the name of consistency and justice, that the said application of the tariff be made regular and uniform. In accordance with the Dingley Act of 1897 there is a

specific tariff on eggs in the shell of 5 cents per dozen; there is also a tariff of 25 per cent ad valorem on liquid egg yolks and there is a tariff of 3 cents per pound on dried egg albumen. On the so-called "tanner's yolk" there is no tariff, and dried whole eggs are not mentioned at all in the tariff schedule. Dried whole eggs, dried yolks, and dried whites are nothing more, or less than shell eggs in different form. Therefore it is perfectly obvious that the basic tariff of 5 cents per dozen on eggs in the shell should be consistently applied on eggs in the other forms already mentioned.

WHAT ARE DRIED EGGS AND HOW ARE THEY USED?

At the hearing on November 19 we found, as we expected to find, that the gentlemen of the committee knew very little of this comparatively new but very important industry. The impression seemed to prevail that eggs dried were necessarily stale eggs. Since that hearing a New York paper editorially condemned eggs in "powdered" form and misrepresented us to the extent of stating that we had admitted our product to be made of "stale" eggs when we were questioned by members of your committee. The attitude of the members of your committee and some part of the public press is easily understood if we stop to consider a little of the history of the dried-egg industry, and we think it fitting to provide this knowledge at this point for your information, so that you might more fully understand the industry as it was in its incipency. We have reason to believe that eggs were dried by different methods for at least a hundred years previous to the time that this country became interested. In addition to this, there were compounded many articles termed "egg substitutes." None of them was ever as satisfactory or as good as eggs in the shell, and many of them were so inferior that the consumers, after being prevailed upon to try various brands, became convinced of their inferiority, and as a result a prejudice against all articles of the kind took deep root and has existed for many years. Another and perhaps a more important reason for the prejudice against dried egg is that the public is so thoroughly accustomed to thinking of eggs in the shell that the same eggs in another form are naturally strange and suspicious. When people are accustomed to one form of food through its use by generation after generation, it is to be expected that it would be a difficult matter to persuade them to accept the same food in an entirely different form. This explains the prejudice, but it can not in any sense be considered an argument against eggs in the dried form.

The desirability, as a commercial proposition, of preserving eggs in some form has been an important problem to both the producer and the consumers as long as eggs have been a commercial commodity. This is caused by the fact that hens do not lay regularly, even in the most favorable localities. For a very few months the hens produce a much greater quantity of eggs than is consumed, and the surplus must be reserved for use during the balance of the year when the hens do not produce. Hence the desirability of preserving successfully all eggs that can not be immediately consumed. Our process of drying eggs is the solution of this great problem, and the wonderful success of dried eggs within the last five years proves conclusively that the consumer recognizes the value of what has been accomplished. We

buy the eggs fresh, remove them from the shell, and by a patented process evaporate about 95 per cent of the moisture. This leaves the egg substance in a dry, flaky form. In order to use it the consumer merely dissolves this substance in about the same quantity of water that has been evaporated from it and he then uses it just as he would the eggs broken from the shell. Eggs in this form are stored at about twenty times less than the cost to store eggs in the shell, and we are thus able to save this for the consumer. In addition to this great advantage the consumer is absolutely assured of uniformity of quality and economy.

Another great problem with egg producers and consumers has been to devise some means of reducing the heavy freight charges caused by the amount of space required to transport a case containing only 80 dozen eggs over a long distance in a freight car. You will perceive that these charges are necessarily very high in proportion to the value of the eggs per dozen. Speaking approximately, 1 barrel of dried egg contains 26 cases of shell eggs in the dried form, and it costs about \$2.20 to ship this package from Sioux City, Iowa, to New York City, for instance. To ship the same amount of eggs in the shell and packed in cases mentioned above it would cost about \$15 for the same distance. These figures are nearly correct, and we believe it will be perfectly plain to you that we have also solved the problem of saving freight charges for the producer and the consumer of eggs.

Realizing the great commercial possibilities that lay in the solution of these problems, problems which involved the product of the great American hen, a product which each year amounts to more in dollars and cents in the United States than the meat and wheat bills combined, Americans set to work to dry eggs successfully, having conceived the idea from the old-time products already mentioned, and the result is that they have removed all the difficulties which formerly beset the baker and the housewife.

QUALITY AND QUANTITY.

Desiccated egg is sold to almost every bakery in the United States where the consumption of eggs is an item of great expense, and recently it has been supplied in small lots to hotel keepers, boarding-house keepers, and housewives. In almost all cases it has been found more advantageous for use the year round than shell eggs. It is quite safe to predict that in a comparatively short time it will be used generally.

Desiccated egg, if made of good material and properly processed, is perfectly wholesome, clean, sweet, and soluble. No preservatives are used, and as an article of food it is superior to the average eggs that are purchased in the shell; that is, averaged the year around. The United States Government has given it a clean bill of health. Indeed the sailors on our warships preferred dried egg to the shell eggs that were purchased for them in San Francisco during the cruise around the world. Every ship in the fleet was supplied with dried egg after the government experts had tested same thoroughly and declared it to be the best form of egg for the purpose. The services of the most eminent food authorities in the country have been employed, and they unreservedly declare egg in this form to be all that we have herein described. It is infinitely superior to a

large amount of the eggs in the shell in liquid form and most brands of frozen eggs that are used in New York City for baking purposes. The requirements of the pure-food law of 1906 are thoroughly understood and there is no reason why dried egg should not be made in strict accordance with the spirit and letter of that law. Inspection of the goods or any investigation of the subject that the state or federal authorities may care to make is sincerely invited.

We believe these statements are sufficient to convince you of the absolute purity and wholesomeness of desiccated eggs when properly prepared; we also believe that these facts will convince you of the importance and the possibilities of this industry and that you will agree with us that it should be encouraged by a consistent tariff protection on the part of the Government, whose citizens have spared neither labor nor expense to have the credit of making dried egg a success belong to American and Americans.

There are probably 20 concerns in the United States drying eggs with varying degrees of success. Thus you will perceive that the industry is only in the first stages of development in this country, but its great success indicates its importance and its possibilities. For these reasons it ought to be encouraged and protected as an infant industry. Even at this primary stage of its development the number of concerns already in the business in this country makes competition very severe, and it is a most difficult thing for us to make even a nominal profit. It seems almost impossible to make yearly profits uniform, owing to the great fluctuations in the egg market during the time that we are able to gather the great bulk of our raw material. Our point is that the bed this new industry has provided for us is not an easy one for the American manufacturer, and it seems obvious that we already have enough to contend with without the difficulties that foreign competition would bring. We especially call your attention to the fragility of shell eggs, and to the fact that this makes it difficult for the foreign producer to compete with our farmers in the shell-egg business. The fragility of the shell egg therefore protects the producer of this country to a great extent, whereas eggs in the dried form are easily handled with perfect safety and keep indefinitely, so that the foreign manufacturer of desiccated egg can compete with the American manufacturer without the difficulties which beset the foreign producer of shell eggs. On this account it would seem that desiccated egg in this country is entitled to protection even more than eggs in the shell. In addition to this, the American laborer is involved, because desiccated eggs would come principally from China and Russia, where labor costs so much less than in this country. We simply can not compete with the labor that is used in the countries mentioned, nor can we compete with the correspondingly low prices of raw materials in those countries.

There is another point that we especially desire to bring to your attention. If the tariff on all forms is not made consistent with the tariff on shell eggs, the result must eventually be that China and Russia will pour large quantities of desiccated eggs into this country, and this will be brought in competition with the shell eggs of this country, and the result must be a dangerous cut in the price the farmers of this country are able to secure for their shell eggs. Thus it is plain that a consistent application of the tariff on shell eggs to all other forms of eggs will eventually be just as necessary to the

farmer's protection as the present tariff on shell eggs is necessary to his protection to-day. We admit that the industry is still in its infancy, but we insist that its remarkable growth and success make it imperative for the United States Government to anticipate its development and take time by the forelock.

This company has an output of between six and seven hundred thousand pounds of dried egg each year. The raw material required to produce this amount is about 2,270,000 dozen eggs. The business is comparatively new, and we can not tell you what the entire output in this country is; but you will note from these figures that the business of drying eggs is no small matter in a commercial sense.

We do not know how much is imported into this country, but we do know that even the present amount imported would seriously menace our business if the Russians and the Chinese were to copy our patents and use machines like ours and then send an article into this country as good as that which we produce in America. The quantity of imported egg would soon be enormous if the Russians, Chinese, and others utilize our process, and the utter destruction of the industry in this country would be a matter of only a few months. To confirm the truth of this statement, we need give only one instance. A bakers' supply jobber in New York City offered Russian dried egg last spring to one of our customers at 46 cents delivered in small quantities. We succeeded in securing this customer's contract at 52 cents per pound only because our quality is superior to that of the Russian egg at the present time. Of course, if the Russian egg was equal to ours in point of quality the jobber would have secured the contract. At the 52-cent price, our profit was less than 2 cents per pound, whereas the profit to the jobber must have been large. He can afford to pay the producer the price, pay all freight charges, and divide the profit with his salesmen. This demonstrates how much cheaper it is to purchase raw material in Russia and China and how much cheaper it is to secure labor there to handle the raw material.

Now, right at this point we can best illustrate the present inconsistency of the tariff and the resulting injustice to the dried-egg manufacturers of this country. The specific tariff of 5 cents per dozen on shell eggs protects the farmer—the producer—of this country, and enables him to charge us, the manufacturer, a high and profitable price for the raw material, but the absence of tariff on dried eggs enables the foreign manufacturer to greatly undersell us on eggs in the dried form in our own country. Thus the manufacturer of dried eggs in this country receives absolutely no protection from the tariff on shell eggs, yet that tariff enables the farmer to force us to pay high prices. We do not want the tariff on shell eggs removed, because we are glad to have this Government protect the American producer. Our stand is that the manufacturer to whom the producer sells his raw material shall also be protected by a tariff on eggs in all forms, which is consistent with the specific tariff on eggs in the shell. In addition to this, we think there should be a tariff of one-half cent per dozen as a special manufacturers' protection. We ask this because of the high freight rates and high cost of labor in this country.

The grade of raw material used in this country is very superior to what we have seen from other countries and, as we have just said, the price of labor is much higher. We believe that the present size and importance of this industry in this country makes it incumbent on the United States Government to carefully investigate the quality of the imported article and to establish standards of quality of dried eggs in this country.

Our egg breaking and drying records show that it takes about 3.1 dozen eggs to make 1 pound of dried eggs. We are perfectly willing to produce these records if you so desire. Thus, if the specific tariff on shell eggs is 5 cents per dozen, a consistent tariff on eggs in the dried form would be three and one-tenth times 5 cents on each pound of dried egg. We shall be satisfied if the tariff on dried eggs is made a specific tariff, consistent with the tariff on shell eggs, on the basis of 3 dozen shell eggs to the pound of dried egg. In addition to this, we think there should be one-half cent per dozen as a protection to the manufacturing interests of this country.

YOLK.

Yolk is never absolutely pure; it can only be commercially pure. Some of the white is sure to remain with the yolk when the separation is made. In order to show what a consistent tariff on dried yolk would be, we will use a crate containing 30 dozen eggs as a basis on which to figure. This crate would yield about $33\frac{1}{2}$ pounds of liquid whole egg broken from the shell and this amount dried would produce about 10 pounds of dried whole egg—these figures are approximate, but nearly correct. The same amount of broken-out liquid yolk— $33\frac{1}{2}$ pounds—would yield about 17 pounds of dried liquid yolk. Thus the tariff on yolk, strictly speaking, and assuming that United States inspectors proved it to be yolk and not the whole egg merely branded yolk, should be about 40 per cent less per pound than the tariff on whole eggs, or 9 cents per pound. Owing to the probability of whole egg being sent into this country as yolk so as to cheat the Government out of the tariff on whole egg, we respectfully recommend that the tariff on dried yolk be made the same as that on whole dried egg. Only an egg expert can tell the dried yolk from the dried whole egg, and this would probably result in all whole egg being sent into this country branded as yolk. These figures make it very evident that the present tariff on dried yolk of 25 per cent ad valorem is thoroughly inconsistent and insufficient in its relation to the specific tariff of 5 cents per dozen on shell eggs.

TANNER'S YOLK.

Tanner's yolk is free of tariff. We suspect that a lot of this so-called "tanner's" yolk is sold to consumers other than tanners. But assuming that it is sold to tanners exclusively, this absence of tariff is unfair to the American producer, because the foreign producer utilizes the same cheap labor, etc., in handling eggs of this character as he does in handling the best grades. In this country there are necessarily quantities of eggs which are unfit for food, and these are sold to tanners. Why should not Americans in this branch of the business be protected? In presenting the matter of tanner's yolk

we simply present a phase of the tariff question which involves an important feature of the egg business in this country.

DRIED ALBUMEN.

The present tariff on dried albumen, or dried egg whites, is 3 cents per pound. This tariff is most inconsistent of all. It takes about 7 dozen eggs to make 1 pound of dried albumen, hence the tariff to be consistent would be seven times the tariff on shell eggs, which is 5 cents, or 35 cents per pound on dried whites. Owing to the great difference in the cost of labor and the high price of raw material in this country, we are unable to compete with the foreign albumen, and the business is already so completely in the hands of the Chinese and the Russians that we are not particularly insistent that the tariff be consistently applied in the case of albumen. But if we ever desire to go into the business of drying egg albumen, it would be impossible to do so unless the tariff on eggs was consistently applied.

SUMMARY.

We respectfully request that the present specific tariff on eggs in the shell be consistently applied to all forms of eggs as enumerated herein. We believe the subject, being comparatively new in its present successful form, is not properly understood by your honorable committee, and we consider it our duty as citizens to bring the matter to your attention. We furthermore believe that the present application of the tariff is unjust and unfair to manufacturers of dried egg in this country, and we therefore believe ourselves justified in making the requests contained herein. If the specific tariff on shell eggs protects the producer in this country, why should it not be made to protect the manufacturer also?

Finally, we respectfully call your attention to the dangerous position we, as Americans, are placed in by the present inconsistency in the application of the tariff on eggs. Our patents protect us as patents only in the United States. It is therefore possible for anyone to copy these patents and use our process in other countries. Bearing in mind the facts we have given regarding the tariff and the price of raw material and labor abroad, you will readily understand that it is the most natural thing in the world for us to desire that this matter should have your most careful attention. We have not filed patents in other countries for the simple reason that anyone in those countries could operate the process under cover for years and years without discovery. We do not fear this so much in this country because we are on the ground and would probably discover the theft and because the reputation we enjoy here enables us to better control our trade. Therefore our only means of securing justice and proper protection of the industry is the consistent application of the tariff as herein described.

Very respectfully, yours,

NATIONAL BAKERS' EGG COMPANY,
ALFRED V. HARRIS, *Secretary*.

EGG QUOTATIONS.

BOSTON, MASS., *December 3, 1908.*

CLERK OF COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

DEAR SIR: Inclosed find one copy of the Producers' Price Current, of New York, dated April 9, 1908, and one copy dated November 28, 1908.

We wish to incorporate into the record the egg quotations contained in these two issues of the Price Current, and to call particular attention to the quotations on dirties and checks. We wish also to state that eggs can usually be bought from first hands—at country points in Kansas—at least 4 cents a dozen below the New York quotations.

We invite your committee's attention to the wide variation in the prices of different kinds of fresh eggs offered for food purposes in the month of April, when practically all the eggs on the market are fresh and good, the differences in prices arising principally from differences in the size of the eggs and the condition of the shells.

Yours, truly,

H. J. KEITH,

*Treasurer of H. J. Keith Co., 72 South Market Street,
Boston, Mass.*

EXHIBIT A.

New York Mercantile Exchange official quotations, April 9, 1908.

Fresh gathered, extras, per dozen	17
Fresh gathered, storage, packed firsts to extra firsts	16 @ 17
Fresh gathered, extra firsts	15½ @ 15½
Fresh gathered, firsts	14½ @ 15
Fresh gathered, seconds	13½ @ 14½
Fresh gathered, thirds	13 @ 13½
Dirties, fresh gathered, No. 1	14
Dirties, fresh gathered, No. 2	13 @ 13½
Checks, fresh gathered	10 @ 13
Duck eggs, seconds	26
Duck eggs, seconds	20 @ 23
Goose eggs, per dozen	55 @ 65

New York Mercantile Exchange official quotations, November 28, 1908.

Fresh gathered, extras, per dozen	38
Fresh gathered, firsts	34 @ 35
Fresh gathered, seconds	30 @ 32
Fresh gathered, thirds	25 @ 28
Dirties, No. 1	23 @ 24
Dirties, No. 2	19 @ 22
Dirties, inferior	14 @ 18
Checks, fresh gathered, fair to prime	19 @ 21
Checks, inferior	14 @ 17
Refrigerator, firsts, charges paid for season	26 @ 26½
Refrigerator, firsts, on dock	25½ @ 26
Refrigerator, seconds, charges paid for season	25 @ 25½
Refrigerator, seconds, on dock	24 @ 25
Refrigerator, thirds	22½ @ 23½
Limed, firsts	24 @ 24½
Limed, seconds	21½ @ 22½

**THE NATIONAL ASSOCIATION OF MASTER BAKERS URGES THAT
THERE BE NO INCREASE IN DUTY ON EGGS.**

CINCINNATI, OHIO, *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The National Association of Master Bakers of the United States, representing every baker in every State in this country (excepting three States), respectfully protest against an increase in rates of duty on eggs.

We rather favor a decrease, so that in the future the likelihood of cornering the egg market as now practiced will not be so easy to accomplish by those interested.

We trust that the interests of the bakers of the United States, who are the largest buyers of eggs, will be protected by your honorable committee, and we appeal to your sense of justice and fair and square dealing as an organized body and as citizens and manufacturers.

Very respectfully, yours,

SIMON HUBIG,
President National Association of Master Bakers.

FREE BARLEY.

**HENRY V. BURNS, BUFFALO, N. Y., FILES SUPPLEMENTAL BRIEF
IN ADVOCACY OF REMOVING DUTY FROM BARLEY.**

BUFFALO, N. Y., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We are here to-day in the interest of the Malt Manufacturers' Association of Buffalo, an organization representing an annual malting capacity of over 11,000,000 bushels and an invested capital in plants of over \$6,000,000. We have come to ask that you recommend the removal of the present prohibitive duty of 30 cents per bushel on Canada barley and place it on the "free list," and while here as representatives of the association named above, we feel that the reasons as set forth will apply with equal force to the malting business in general. We make this request as a relief from the unsatisfactory and unprofitable conditions now surrounding the manufacturer of malt, which conditions we think are attributable to the prohibitive duty on Canada barley, with its subsequent results.

The growing of malting barley is more centralized, perhaps, than is the growing of any other cereal, for while most all of the States produce a certain amount for feeding purposes, the principal States producing malting barley tributary to the territory east of the Missouri River are Minnesota, Wisconsin, Iowa, and the Dakotas, and there is no section that has developed more rapidly and extensively as a farming country during the past few years than the States named above. Equal also in growth has been the country grain elevator, dot-

ting each station along the main line and branches of each new railroad as soon as completed, until at present this vast territory is one complete network of grain elevators, the output of which is controlled almost entirely by a few grain or elevator companies which, if not associated, certainly have a most admirable working arrangement. When I say to you that most of these companies number their elevators by the hundred, you will recognize at once what an opportunity exists at all times to raise or lower the price of barley by a simple manipulation of shipments, for if a higher market is desired, a holding back of shipments and a consequent falling off of receipts at the principal markets makes this result possible; or if, on the contrary, a lower market is desired (with a view of replenishing depleted stocks from the farmers at lower values), liberal shipments from country points, with a following increase in shipments at the same principal markets, will have this effect.

The position of these country elevators has been materially strengthened by the almost complete elimination of the so-called "grain track buyer" of a few years ago, for where is the farmer who will resort to the slow and laborious process of unloading his barley into the car by shovel when, without removing from his seat, he can drive upon the elevator scales, with their connecting grain receivers, and by the simple pulling of a lever have his grain elevated to the shipping bin while he waits? Against such competition as this the track grain buyer had no show, until at the present time he is a thing of the past, with the result that the elevator man is left in complete control.

As an evidence that this statement is no mere conjecture, I would like to state the conditions surrounding the barley crop of 1907-8, from which you can draw your own conclusions:

The government estimate of this crop, in round numbers, was 154,000,000 bushels, one of the largest crops harvested since 1866. The normal price of barley during the past ten or twelve years has been in the neighborhood of 52 cents at lake ports, but during this period the grain track buyer was in evidence and the barley territory open to all competitors. Last year, however, notwithstanding this "bumper crop," the price on barley was steadily increased in jumps of 3 and 5 cents at a time, until the record price of \$1.15 per bushel was paid at lake ports and the threat of "dollar fifty barley" would certainly have been realized had it not been for one fact. I have said that all the States growing barley tributary to eastern malting were Minnesota, Wisconsin, Iowa, and the Dakotas. This territory was familiar ground to the elevator companies and it had been thoroughly canvassed. But there is a State to our extreme west, California by name, which for years past has been one of the largest barley-producing States in the Union. Owing to the extreme high freight rates to eastern markets this State had been exporting its barley, so its importance had been overlooked. But the dealers out there were watching their opportunity, and one day, when the price had been advanced to about the dollar mark, which figure was necessary to enable them to pay the high overland rates to eastern markets, a shipment of California barley appeared on our market and was sold something under the then prevailing price. This shipment was followed by more and still more, with a corresponding decline in barley toward "normal prices," until finally 6,000,000 bushels, estimated, were loaded in eastern malt houses, with the result that from \$1.15

barley on this same crop sold later at 53 cents, Buffalo, and thousands of dollars were lost as a consequence. Who were the losers? The men who were forced to buy their raw material at fictitious prices and sell their product at its intrinsic value.

The manufacture of malt is a continual process, requiring about ten days to complete what we term "one piece." The best results are obtained during the winter months. Unlike other manufacturers, we can not start up one month or shut down another awaiting an expected drop in the prices of material. It is a steady grind with us, night men taking the place of day men, week days, Sundays, and holidays, week in and week out. During our season there can be no let up, because we have thousands of dollars' worth of perishable property constantly in process, and it must have attention. Barley is our raw material. We do not produce it; we have to buy it and we have to buy it at market values, be they high or low, because the malting months are limited and we must get the benefit of our capacity during our season. The profit on malt does not exceed 5 cents per bushel, and there are hundreds of malsters who would be glad to contract their entire output on a basis of 3 cents per bushel.

Now, gentlemen, on this small profit, how can we manufacturers do business with fluctuations during a single crop ranging from \$1.15 to 53 cents per bushel in our raw material? We are obliged to sell our product against statistics, the Government making monthly estimates on the yield of barley, and our customers, "the consumers," base their values on the government reports, comparing current reports with those of previous years. They see no just reason why they should be asked to pay higher values on "bumper crops" than on smaller ones, and the result is they buy from hand to mouth, awaiting the drop in prices which they feel must surely come, and we, in the meantime, are forced into the position of speculators by filling our storage with a manufactured product, which we hope will be wanted later at a price that will show a profit for the work performed. This surely is an awful state of affairs; we must have relief, and it should come speedily or under existing conditions the consequences will prove most serious to the malting industry in the near future.

It is for this reason that we ask you to put Canada barley on the free list, believing that if 6,000,000 bushels of California barley, with its contingent high freight rates, could help regulate a crop of 154,000,000 bushels, what a moderator would Canada prove, with its 10,000,000 bushels lying within twelve hours' ride of two-thirds of the entire malting capacity of the United States. There can follow no embarrassment, such as a deficit in revenues, because, except during the boom period of last year, barley has paid little or no revenue into the United States Treasury.

Aside from this, it would surely raise the quality of our future crops, because Canada, by reason of its peculiar soil and careful husbandry, produces the best barley grown on this continent. This statement applies particularly to the Province of Ontario. A personal acquaintance with our western barley since 1890 warrants the statement that during this period there has been no perceptible betterment in anything except yield. To our mind this condition is explained from the fact that there has been no change of seed, and year after year our American farmer has been forced to sow and har-

vest from practically the same barley. The quality of his barley has been as good as his neighbor's, and that being his standard, he has been satisfied. "Progress" is the watchword of the times. Take off your prohibitive duty on Canada barley, raise the standard of our farmer from that of his "next neighbor" to the "best that grows," and Canada's boast of harvesting the best of barley will soon be contested by the American farmer, and we need have no fears as to the results.

We assume that the present high duty on barley was made prohibitive to encourage our farmer in his efforts to raise this grain, and a perusal of Bulletin No. 59, issued by the United States Department of Agriculture, will show, we think, that this result has been realized even beyond the expectations of its framers, for it shows that from a total barley crop of 67,168,344 bushels in 1890 it has increased to the astounding figures of 178,916,484 bushels in 1906. As against these figures the American farmer need have no fear from an importation from Canada of 10,396,644 bushels, that being the annual number of bushels imported for the ten years previous to 1890. On the contrary, we believe with the introduction of this superior seed the change of conditions will be all in his favor, so it can be truly said that the present tariff has performed its mission well and that in the interest of all parties concerned the time for a change has come.

Our Government, as well as the different States, is spending thousands of dollars annually to insure purity in its food products. The American people have long passed the "good enough" milestone; what they demand is the "best." Should this not apply to a beverage entering so largely in the family consumption as beer? Is the best any too good? With this in mind I leave with you two samples of barley, being an average quality of Canada and Western. They are plainly labeled, although this is an unnecessary precaution, because even were you laymen you could readily distinguish them. Now, assuming that some of you occasionally indulge in a glass of this "family beverage," I would, in conclusion, like to ask which of these two samples would you prefer should be used in making the malt from which your beer is made, and after you have answered this query I would request also that you ask yourselves: "Suppose I were to ask the same question of the millions of beer drinkers comprising the American people, what would their answer be?"

Respectfully submitted.

MALT MANUFACTURERS ASSOCIATION OF BUFFALO, N. Y.,
By H. V. BURNS.

THE BUFFALO (N. Y.) MALT MANUFACTURERS' ASSOCIATION SUBMITS BRIEF ASKING FOR REMOVAL OF DUTY FROM BARLEY.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: The undersigned, the Malt Manufacturers' Association of the city of Buffalo, hereby submits the following statement in support of its request for the repeal of the duty on barley, levied and imposed under the tariff laws.

The tariff law of March 3, 1883, imposed a duty of 10 cents per bushel on barley. This law continued until the enactment of the tariff law of June 10, 1890, which imposed a duty of 30 cents per bushel on barley. On August 27, 1894, a 30 per cent ad valorem rate of duty was imposed. The present law went into effect July 24, 1897, under which 30 cents per bushel was fixed as the rate of duty.

The effect of this rate of duty has been to almost eliminate the importation of Canadian barley. It practically deprives the Government of all revenue. From the year 1902 to date, at the close of the Government's fiscal year the annual revenue income from this source has varied from \$17,224.41 in that year to \$54,482.41 in 1908, falling as low as \$3,544.50 at the close of the fiscal year 1907. Operating under the tariff law of 1883, the Government received in 1887, \$1,033,687.53; 1888, \$1,082,058.65; 1889, \$1,130,692.52; 1890, \$1,115,132.10. These figures show a tremendous loss of revenue to the Government as a result of the present tariff.

As already stated, the duty on barley prior to the enactment of the law of 1890, known as the "McKinley Act," was 10 cents per bushel. This rate of duty was the result of the recommendations of the tariff commission of the year 1883. It is our understanding that this commission gave careful consideration to the rate of duty on barley, and that a session of the commission was held in the city of Buffalo, it being an important port of entry for Canadian barley, and that some of the best informed authorities were summoned and consulted. This commission recommended a reduction of the rate of duty on barley from 15 to 10 cents per bushel, and the same was fixed at that rate accordingly.

Subsequent to the enactment of this law (1883), and in reliance upon the continuance of the policy of the Government thus outlined, there was a vast increase of the business of converting Canadian barley into malt. Malting plants were established or enlarged in many cities of the State of New York, and along the Canadian frontier generally. This was true of Buffalo, Oswego, Lyons, Weedsport, Elmira, Jordan, Geneva, Batavia, Lockport, Rondout, Le Roy, Oneida, Watkins, Manlius, Albany; and generally along the Erie Canal millions of dollars were invested in the business, and it was reasonably profitable. The advantages of such investments and the prosecution of such large enterprises were naturally shared by many of our citizens in addition to those actually engaged in the prosecution and carrying on of the business. This included grain warehousing, transportation by lakes, canals, and railroads, thus giving employment at remunerative wages to large numbers of men in and out of the industry.

In 1890, at the time the subject of the tariff was being considered by Congress, an increase of the rate of duty on barley was opposed by the malting interests of New York State and several of the trade organizations of the various cities in that State, upon the grounds that the raising of the duty would not result in benefit to the American farmer generally and would be an actual injury to the farmer of New York State, and at the same time would inflict irreparable loss and damage to the vested interests and business of the equally worthy American citizen already established and engaged in business.

It was urged that:

First. That after supplying the needs of the maltsters in their demand for barley a large amount would be left remaining in the hands of the farmers, which would be used for feeding purposes. In 1888, 1889, there were brewed 25,089,765 barrels of beer, requiring about 40,000,000 bushels of barley. It was estimated that of this amount there were 10,000,000 bushels imported from Canada and 8,000,000 bushels raised in the State of New York, leaving a surplus of 36,000,000 bushels.

This entire surplus, excepting a small portion exported, was used for feeding purposes. The claim made was that "the value of this large feeding surplus determines the value of the barley used for malting in accordance with a fixed law in the mercantile world." The question was asked, "How can the price of the total crop be raised by simply excluding the 10,000,000 bushels imported from Canada?" "There would still be left a surplus of 26,000,000 bushels for feeding purposes." "The truth is, that the price of Canadian barley and of New York State barley in the markets of the country is determined by the price of western malt in those markets. A brewer will say 'I can buy western barley and malt at such a price; for Canadian or New York State barley malt, if of a better quality, I can afford to pay a few cents more.'"

It was further asserted that, "The increased duty proposed would tend to drive the malting business from the State of New York and the East generally to the West, where barley can be bought cheaper. This certainly would be of disadvantage to the New York State farmers, because if the malting interests languish and die out in the East, who will be their customers for barley? It may be well to say that the eastern malsters consume all the Canadian and New York State barley, but if their supply of Canada barley is cut off they must look to the West for barley, and if they have to do that they will go to the West to make their malt, for the reason that it can be done cheaper near the base of supplies."

Second. As regards the damage that would be done to the maltsters, grain dealers, common carriers, and commerce of Lake Ontario. These men have, under the offer held out to them by the United States Government to import barley at a reasonable rate of duty, established their business and built their elevators, malt houses, and grain storehouses at points favorably situated for the malting and handling of Canadian barley. They are not favorably situated for handling or malting western barley, and it would be ruin to many of them if the duty were so increased as to render it a prohibition measure, which would be the result, and would very materially injure the commerce of Lake Ontario. The value of this 10,000,000 bushels Canadian barley is nominally 55 cents per bushel, or \$5,500,000, 40 per cent of which, or about \$2,700,000, is paid by the shipper for duty and carrying expenses to put the barley on the American market. Of this amount \$1,000,000 goes directly into the United States Treasury, and a large proportion of the balance is paid to American vessel owners, canal boats, railway companies, insurance companies, and the thousands of laborers who are engaged in transporting grain from the producer to the consumer.

In short, we can see no good that can result to anyone by the increase of this duty, but, on the contrary, we can see that irreparable

loss will result to the interests and holdings of many American citizens.

The predictions so made have come true, and the results that have followed justified the objection to the enactment of this tariff. The theory upon which the duty was imposed seems to have been the idea of benefiting the American farmer. It will be seen that the opponents of the tariff on barley urged that it would not benefit the American farmer to impose the prohibitive duty. It has not. The price of barley has been determined by the price of feeding grain, except as the product has been monopolized, as hereinafter shown, which of course did not benefit the American farmer. The Oswego Board of Trade, under date of January 4, 1897, submitted to your honorable committee a forceful statement of its reasons in opposition to the present tariff, and upon the subject of benefiting the American farmers by this prohibitive duty it said:

While it is our opinion that benefits to be conferred upon citizens engaged in one calling should never be urged in extenuation of injury to be inflicted upon others, we beg to say that even that reason in this case is entirely outside the pale of all the evidence in the premises. It was alleged that the prohibitive duty would benefit the American farmer; that he would command, in consequence, a higher price for his barley. The facts and the developments since the enactment of the prohibitive duty show conclusively that no such result has followed.

Prices of American-grown barley have never before been so low since the enactment of a prohibitive rate of duty. The reports of the various markets in this country prove this assertion to be true beyond the possibility of doubt, and in order that evidence may accompany assertion we give figures tabulated from Chicago Board of Trade reports for the years 1890, 1891, 1892, 1893, 1894, and 1895, which are indicative of other markets for barley as well as the market of Chicago. The prices of No. 2 barley—the standard grade of Chicago—for the years named were as follows, viz: In 1890 the average price for October was 76 cents; for November, 78 cents; for December no quotations are given for No. 2, but the next lower grades averaged about 70 cents, equal to 78 cents for No. 2. In 1891 the prices for October were 62 cents; for November, 62 cents; for December, 62 cents. In 1892, for October, 65½ cents; for November, 68½ cents; and for December, 70 cents. In 1893, for October, 56 cents; for November, 54 cents; and for December, 50 cents. In 1894, for October, 54 cents; for November, 55 cents; and for December, 54 cents. In 1895, for October, 41 cents; for November, 40 cents; and for December, 38½ cents, thus showing a steadily declining tendency, and an average decline in 1895 of fully 50 per cent as compared with the values of 1890. The reports of 1896 are not yet published, but we are of the opinion that when given to the public they will show even lower prices than the years cited.

We wish to add to the foregoing that the prices of barley to the American farmer from 1870 to 1880 averaged 66 cents per bushel. In 1890 it was 62 cents per bushel. In 1900 it was 40 cents per bushel. In 1905 it was 42 cents per bushel.

This prohibitive duty not having benefited the American farmer, what has the result been? As predicted in 1890, it has had the result.

First. Of depriving the Government of needed revenue.

Second. With but few exceptions it has driven the maltsters of New York State out of business.

Third. It has deprived the farmers of New York State of profitable markets for their barley, and as a consequence very little barley is now raised by them.

Fourth. It deprives the remaining maltsters and their customers of the use of the New York state and Canadian barley, desired and specially adapted for special classes or a superior grade of beer, the Canadian and New York state barley producing a better flavor and quality of beer.

Fifth. It has resulted in the establishment of country elevators in the West, where barley is kept and held and the price is fixed to suit the owner of these elevators.

To show that the duty is prohibitive, in addition to the figures already given we submit the following data on the subject:

Year.	Rate of duty.	Duties received.	Year.	Rate of duty.	Duties received.
	<i>Cents per bushel.</i>			<i>Cents per bushel.</i>	
1891.....	{ 10	\$405,684.81	1899.....	30	\$33,096.10
	{ 30	276,825.77	1900.....	30	48,484.15
1892.....	30	700,231.85	1901.....	30	58,496.04
1893.....	30	584,242.68	1902.....	30	17,224.41
1894.....	30	258,625.03	1903.....	30	17,867.00
	{ 30	24.00	1904.....	30	26,476.37
1895.....	{ 30	255,515.36	1905.....	30	23,754.75
1896.....	a 30	93,667.23	1906.....	30	5,979.07
1897.....	a 30	116,477.94	1907.....	30	3,544.50
	{ 30	958.20	1908.....	30	54,482.41
1898.....	{ 30	31,289.42			

a Per cent.

This shows that the first of the above conclusions has been proven.

The effect on the maltster of New York State and portions of the East has been with but little exception, ruinous, as can be clearly shown. At all of the numerous places hereinbefore mentioned excepting possibly one, the business of malting barley has been practically destroyed. Inquiry of these various localities will demonstrate this to be the fact. The reasons urged in opposition at the time to the present rate of tariff are as forceful now as then, and in the light of subsequent events should be considered sufficient to establish the justice of the present demand. These plants were located on the northern frontier for the reason that they were near their base of supplies. It was and is unjust discrimination against established business interests to take away their supply of raw material, as stated by the Oswego Board of Trade on the occasion already referred to, "the only reliance for a supply of raw material was taken away from them." That reliance has been as effectually placed beyond their reach by the enactment of prohibitive duties as if an embargo had been laid upon all the commerce of that part of the country. The business of malting barley can not be carried on without water or heat, nor can it be carried on without the practicability of procuring the raw material at as cheap a cost relatively as others engaged in the same business can procure it. And right at this point we may say the great wrong of the legislation of 1890 was inflicted. It was this prohibitive exclusion of supplies that disturbed existing conditions, conditions which we conceive to have been in close alliance, if they were not in themselves, in the nature of what are termed vested rights.

It was an inflicted wrong, because existing conditions when the legislation referred to was enacted afforded ample supplies of Canada barley, and the radically changed rate of duty checked further importation of them. It will be seen, therefore, that the prohibitive duty on the Canada product compelled the maltsters on the northern frontier to look elsewhere for their supplies of barley. They could not move their plants to other fields of production, and were there-

fore compelled to transport the products of other localities to their plants. This, unfortunately, they could not do at a low enough cost to compete successfully with other maltsters, whose malt houses, as well as their own, had been located at the time they were constructed at points of barley production or importation with a view to convenience of its supply. The region of country producing barley in the State of New York is well supplied with malt houses where barley is procurable without cost of transportation. The same conditions also prevail, but in less degree, at the West. Consequently the use of New York State barley or western barley by maltsters whose plants are located on the frontier of the State of New York entails an added cost of transportation equal to a fair profit for transacting the business as compared with those more fortunately located—those whose supplies have not been interrupted by any act of legislation. Such evidence of the hardship of this legislation must be convincing to practical men, and especially if the inadequate excuse of benefiting large numbers of our citizens, whether farmers or others, can not be cited in justification.

The second proposition, that it has driven the maltsters of New York State in most instances out of business, will not be disputed, and the injurious effect on their business as a direct result of the tariff complained of seems established.

As to the third proposition, it will suffice to say that the injury inflicted upon the maltster of New York necessarily damages the farmers of that State, inasmuch as their best and nearest customers have been driven out of business and they are unable to transport their barley to the West at a reasonable profit. It is a fact that no New York barley can be found in the market, and the malting of barley grown in this State has practically ceased.

That Canadian barley produces a better flavor and quality of beer for special uses can be substantiated by inquiry of the leading export brewers of the country. If that phase of the question is denied, the undersigned association will furnish the required proof to substantiate its assertion.

The fifth proposition above mentioned may be explained by saying that the barley of this country is chiefly produced by the States of Wisconsin, Minnesota, North and South Dakota, and Iowa. The barley crop, or the bulk of it, of those States is controlled by about ten of the largest grain shippers of the West. At a favorable period these western shippers purchase barley from the farmers, and store it in their country elevators, filling them to their capacity, and thus are able to control among themselves the price of barley. They determine when and to whom they will sell, and fix prices at will. During the current year the price of barley went as high as \$1.15 per bushel. This was due solely to the control of the output by the elevator and not to a scarcity or failure of the crop. The prices are always fluctuating; and owing to the character of the business of malting, serious losses are frequently met with as a result of this.

It must be borne in mind that it takes from two to six weeks to convert barley into malt and have it properly matured for brewing purposes. Malt is usually prepared in the winter season and held from four to six months on an average. Thus with the market price

of barley constantly changing and a narrow margin of profit, it is easily understood why such conditions have been and are proving disastrous to the business we represent.

Statistics of the Government show that none except Canadian barley is or has been imported into this country in any appreciable quantities. We are therefore confined to the question of what effect, if any, the removal of the government tariff or duty would have upon the domestic production or the price thereof. We think we have shown that the American farmer himself does not now receive any more for his product than he did at any previous time under any tariff regulation of the Government during the years mentioned. In fact, he receives less for product. It is a fact that at no time, even under the lowest rate of duty the Government ever imposed, Canadian barley was ever put on the American market in such quantities as to injuriously affect the price of the domestic product. In the years following 1883 to 1890, under a tariff of 10 cents per bushel, the largest total importation was 11,306,925.25 bushels. This was the year 1889. The domestic production for the same year was 78,332,976. Under the ad valorem duty of 30 per cent levied by the law of 1894 the importation was as follows:

Years.	Bushels.
1895 {-----	80
1896 {-----	2, 074, 076
1896 {-----	826, 017
1897 {-----	1, 254, 968. 78

The domestic production for these same years being as follows:

Years.	Bushels.
1895-----	57, 072, 744
1896-----	69, 695, 223
1897-----	66, 685, 127

As above stated, during these various years the prices averaged from 1890 to 1900 at 62 cents per bushel, and later in 1900 at 40 cents, and in 1905 it was 42 cents per bushel.

The area from which suitable Canadian barley for the uses of maltsters is produced is confined to a comparatively small section of country. The importation has never been in sufficiently large quantities as to materially affect the price of barley. This even under the lowest tariff. The demand for it will necessarily be largely confined to a limited territory of the United States, and principally it will be New York State. The rates of transportation will be an important factor in determining this result.

In view of the foregoing, we ask that tariff on barley be removed entirely and the same be placed upon the free list, in order that the industry we represent may be revived and we may be enabled to continue our business.

We therefore ask your careful consideration of the foregoing statements and trust that you may take favorable action upon our request.

Very respectfully,

THE MALT MANUFACTURERS' ASSOCIATION,
By JOSEPH KAM, *President*.
HENRY G. SCHAEFER, *Secretary*.

DECEMBER 2, 1908.

**BRIEF SUBMITTED BY C. H. M'LAUGHLIN, OF BUFFALO, N. Y.,
SUPPORTING CONTENTION OF MALT MANUFACTURERS' ASSO-
CIATION.**

Buffalo, N. Y., December 2, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: In support of the request of the Malt Manufacturers' Association of Buffalo, that the existing tax of 30 cents per bushel on barley imported into the United States be removed, it is but fair to the committee, as well as ourselves, to state that we are actuated only by the motive to restore an industry which prior to the enactment of the present excessive duty was one of the leading industries of New York. Since the McKinley law, enacted in 1894, and later the Dingley law of 1897, imposing a prohibitive tax on barley from Canada, the chief source formerly for foreign barley, the malting industry of New York has been severely crippled, compelling a large number of plants, representing immense investments, to cease operations and others to be operated under most adverse conditions.

It can not be contended that the present tax should be continued as a means to produce revenue, for experience has demonstrated that its effect has been to deprive the Government of a source of revenue which under the former and more reasonable tax was most profitable. It can not be contended that the tax should be continued to protect the American farmer, as its influence or effect is in no way responsible for our increased production, and as affecting the price of this commodity, reports indicate that, with the exception of the year 1907, the price of barley was higher under the tariffs of 1883 and prior thereto than since the imposition of the present duty.

The present duty on barley is prohibitive and has proven disastrous to the malt industry in New York and the northern frontier. The consequent loss of a local market has discouraged the production of barley for malting purposes in New York and adjoining States where the soil and climate are well adapted to grow this grain of a quality sufficient for use to blend with the superior grade of Canadian barley.

Having been engaged in the manufacture of malt for many years at Buffalo, Niagara Falls, and Attica under the existing tariff as well as the measures preceding it, I am firm in the conviction that if the eastern maltster is enabled to secure Canadian barley the malt industry in the East and the farmer will derive equal and mutual benefits, such as obtained prior to 1890. During the discussion of the provisions to be adopted under the McKinley and Dingley bills myself and colleagues urged with all the force at our command that the increase on barley would create the very conditions we now ask to be remedied. Our former predictions seem to have been justified, and we trust you gentlemen will use your influence to correct the evil done our industry.

The present tax of 30 cents per bushel on barley is prohibitive and not productive of revenue.

Prior to 1894 our importations of barley were chiefly from Canada. Since 1894 Canadian importations have constantly decreased annu-

ally, and in recent years have been practically nil, our limited importations being principally from Russia.

Under the reciprocal trade treaty of 1853-54 barley with other commodities was admitted free from Canada. This treaty was abrogated in 1866 and a tax of 15 cents per bushel was imposed on barley. The importation of Canadian barley continued and increased gradually each year, contributing to our revenues, proving advantageous to the maltster and highly profitable to the farmer. The malting industry became a leading industry and barley one of the principal cereals grown in New York. In 1883, after a most careful and thorough investigation by the tariff commission of that year, the duty on barley was reduced to 10 cents per bushel and remained in force until 1894, when under the McKinley bill a duty of 30 per cent ad valorem was imposed, in 1897 the tax being fixed at 30 cents per bushel.

That the present tax is prohibitive is evidenced by the decrease in importations of barley, as will appear from the following table:

Year.	Total barley imported.
	<i>Bushels.</i>
1880.....	7,000,000
1890.....	11,000,000
1900.....	161,000
1905.....	79,000
1907.....	11,815

While the revenue receipts on barley for the corresponding years were:

1880.....	\$1,052,795.00
1890.....	1,115,132.00
1900.....	48,431.00
1905.....	23,754.75
1907.....	3,544.50

The present prohibitive tax on barley has proven disastrous to the malt industry in the East and permits an unjust discrimination against the eastern maltster.

The following table shows the relative position of New York to the whole malting industry; its gradual decrease, in number as well as the value of their production, is startling:

Year.	Per cent of industries.	Per cent of value of production.
1880.....	51.4	54
1890.....	82	42
1900.....	57	30.5
1905.....	30	23

From 1880 to 1905 the aggregate value of production of the malt industry increased from approximately \$18,000,000 to upward of \$30,000,000, or 66½ per cent.

While the malt industry has appreciably decreased in the East, the industry in the same section that is the largest consumer of its product (manufacturers of malt liquors) has grown proportionately with the entire industry of the country. The following table shows the total capital invested in the manufacture of malt liquors in the United States, the proportion thereof invested in the North Atlantic States, and the value of their entire production and the proportion thereof in these States for the years named:

Year.	Capital invested.		Percent.	Value of production.		Per cent.
	United States.	North Atlantic States.		United States.	North Atlantic States.	
1890.....	\$232,471,000	\$111,812,000	48	\$182,732,000	\$ 89,055,000	48
1900.....	415,285,000	211,705,000	50	237,270,000	118,532,000	50
1905.....	515,637,000	240,286,438	47	298,359,000	133,273,000	45

The causes for the decline of an industry in a section where the market for its product is steadily increasing are not imaginary; nor can there be any conjecture as to the effect of the constant further removal from the consumer of the source of its raw material, especially when existing tariff provisions permit or enable not only such raw material, but its price as well, to be controlled by elements from which the original producer derives no benefit, and which impose a heavy burden upon the consumer alone. Barley at present is largely grown in Wisconsin, Minnesota, and the Dakotas. The crop each year is for the most part acquired by the grain and elevating companies of that section, which regulate the amount to be offered and the price. The malt manufacturer in the East must not only pay their price, but the cost of transportation, insurance, elevating and storage charges to his plant, and the higher local rate on his product to his consumer as compared with the cheaper through rate on the product of the western manufacturer. Then, too, the eastern maltster is at a further disadvantage as to the quality of the barley purchased in the West, as he is at the complete mercy of the western shipper should shipments made be of inferior quality, as he has no competitive market in which to make purchases to secure required grade for malting purposes.

With Canadian barley admitted free the eastern maltster would be placed on a parity with the western maltster to supply the eastern market.

There is no justification for a tax on barley to raise or maintain the price of this commodity in the United States or in the North Atlantic States.

In 1850 the North Atlantic States grew 80.7 per cent of the entire crop of barley; in 1880, 20.3 per cent; 1890, 12.2 per cent; 1900, 3.2 per cent; and in 1905 the proportion was even more insignificant. The imposition of the present tariff tax has not caused barley grown in this section to supplant the Canadian barley formerly used, nor is there any indication that it has offered or will offer any inducement to the farmer in this section to increase his acreage sown to barley.

The price of barley, as of other cereals, normally depends upon the law of supply and demand and quality. During the period the reciprocal trade treaty with Canada was in operation, and subsequent to its abrogation until 1880, the price of barley for malting purposes averaged from 60 to 75 cents. In 1880 the average price was 66 cents; 1890, 62 cents; 1900, 41 cents; 1905, 42 cents; and in 1907, a combination of circumstances, chief of which was the cornering of the market by the elevator interests, an abnormal price prevailed, the influence of which has not yet been eradicated.

The former importations of barley, not having affected the price of barley, it is difficult to conceive how the importation of approximately the same quantities—as 10,000,000 or 15,000,000 bushels would be the maximum imported—would affect the price when our production has increased to upward of 175,000,000 bushels in 1907, as compared with 67,000,000 in 1890. Canadian barley admitted free would restore the manufacture of malt in the East; the expansion of this industry would create a market for local-grown barley, thereby stimulating the farmer in the East to produce this grain, and for this commodity secure a price based upon the superior quality of the Canadian barley for malting purposes.

The importation of Canadian barley would not seriously affect our western barley as to price or production for the reason of its increased consumption at home and abroad for feed. Then, too, the price being fixed by the law of supply and demand and both Canada and this country producing in excess of their consumption, a free interchange of this commodity would tend to an equalization of the price based upon the superior grade rather than to the inferior under unfavorable crop conditions in either country.

The removal of the duty on barley and its relation to the future economic policy of the United States.

Under the reciprocal trade treaty with Canada the trade between Canada and the United States grew rapidly, with the annual balances largely in our favor, until the civil war period, when conditions compelled this country to be a heavy purchaser, and the balances shifted in favor of Canada. This treaty was abrogated in 1866, and notwithstanding the tariff barriers our trade has continued to grow until the balance in our favor is now approximately \$100,000,000.

The principle of reciprocity was recognized by the Dingley tariff law, and reciprocity with Canada has not only since been agitated, but the subject of consideration by joint commissions. A complete review of the advantages of freer trade relations with Canada will not be indulged in at this time; but as an indication of the attitude of Canada in 1897 the duty on corn grown in the United States was removed. Prior thereto our exports of corn varied from 3,000,000 to 5,000,000 bushels; since as high as 24,000,000, with 15,000,000 bushels a fair average, an amount about equal to our consumption of her barley, if admitted free. These two commodities are deserving of consideration by these governments, Canada to continue her present regulation to admit corn free and the United States to take down the barrier on barley and admit this product at least on equal terms. The proximity of the two countries, the kinship of their people, the

uniformity of their development, and their mutual advancement demand a closer trade relationship.

If reciprocity with Canada on broad lines is not deemed advisable by our authorities, we submit that this Government should at least give recognition of the spirit manifest by Canada admitting our corn free by the removal of the present tax of 30 cents per bushel on its barley. The exchange would be approximately equal in quantity and, as we believe we have shown, would be mutually beneficial.

If there is a country with which we should apply the principle of reciprocity, as enunciated by former President McKinley in his memorable speech delivered at our city immediately preceding the attack of his assassin, that country is our neighbor on the north, rich in untold resources yet undeveloped.

The manufacturers of malt at Buffalo, for the reasons stated, therefore respectfully but urgently request that the existing tariff schedule relating to barley be revised and that this commodity be placed on the free list.

All of which is respectfully submitted.

C. H. McLAUGHLIN,
731 Chamber of Commerce, Buffalo, N. Y.

**THE OSWEGO, N. Y., CHAMBER OF COMMERCE SUBMITS RESOLVE
IN FAVOR OF REMOVING DUTY FROM BARLEY.**

Oswego, N. Y., November 30, 1908.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: For many years prior to 1883 the duty on both Canadian barley and Canadian-made barley malt was 15 cents per bushel. In the year 1883 the congressional tariff commission, after full investigation of the subject, recommended reducing the duty on Canadian barley to 10 cents per bushel and increasing the duty on Canadian-made barley malt to 20 cents per bushel, which recommendation was adopted by Congress. Upon the enactment of this recommendation the malsters and grain dealers in the East established their business and built their elevators, malt houses, and grain storehouses at points favorably situated for the malting and handling of Canadian barley. The establishment of this business also proved remunerative to American vessel owners, canal-boat owners, railway companies, insurance companies, merchants, and the thousands of laborers engaged in transporting the grain from the producer to the consumer.

In the year 1890 the duty on Canadian barley was advanced from 10 cents to 30 cents per bushel, under the supposition that, by excluding the 10,000,000 bushels of barley which were annually imported from Canada, the American farmer would be benefited. It was contended by those who were opposed to such an advance that an increased duty would be of little or no benefit to the American farmer generally, but would be an actual injury to the farmers of New York State, while it would at the same time inflict irreparable loss and damage to the vested interests and business of other equally worthy

American citizens. This contention has been well borne out by subsequent facts.

The city of Oswego, N. Y., stands out more prominently perhaps than any other place as a living proof of the disastrous effect caused by the increased duty of 30 cents per bushel on Canadian barley.

In 1890 there were in operation in Oswego 7 elevators, 7 malt houses, 7 steam tugs, hundreds of sailing craft and canal boats, and several canal brokerage offices. Of these there now remain doing business 1 elevator, 3 malt houses, and 2 tugs. Practically none of the small sailing craft; only a few of the larger-sized sailing vessels, which have since come to Lake Ontario to engage in the coal-carrying trade from American ports to coastwise and Canadian ports, the smaller class of vessels being unable to compete and make a living with tonnage only one way, there being no grain to bring back to American ports; no canal boats in grain business; no canal brokers.

Following this destruction of business interests, the railway companies, insurance companies, merchants, thousands of laborers, and all other interests dependent thereon, have suffered the loss consequent thereto.

The single elevator now doing business in Oswego has been operated at a loss every year since 1890, with few exceptions, as so little Canadian grain has been received, and it is impossible to handle western grain in competition with the western Lake ports. The three malt houses that are in operation continue to do business under adverse and discouraging conditions.

Preceding the year 1890 the imports of Canadian barley into the United States averaged about 10,000,000 bushels annually. For the ten crop years from 1881 to 1890, inclusive, these imports were 103,996,444 bushels, which, at a duty of 10 cents per bushel, amounted to \$10,399,644. Of these imports, 36,124,538 bushels were received into the Oswego customs district, the revenue from which, at a duty of 10 cents per bushel, amounted to \$3,612,453. For the eighteen years from 1890 to the present time about 3,500,000 bushels of Canada barley has been received at the port of Oswego, and of this quantity only 2,995 bushels came in during the last three years—none at all so far this year.

Since 1890, outside of what came to Oswego, the imports of Canada barley were practically nothing. In and before the year 1890 New York State raised about 8,000,000 bushels of barley yearly, while now the quantity grown is only about 2,000,000 bushels annually.

For many years after the passage of the law making the duty on Canada barley 30 cents per bushel, the American-grown barley sold at lower prices than ever before, thus bearing out the contention that the increase in duty would be of no benefit to the American farmers.

The average price per bushel of the leading grade of barley in the Milwaukee (Wis.) market, which receives fifteen to twenty million bushels of barley annually, was, for the following years:

	Cents.
1888.....	67½
1889.....	58
1890.....	57
1891.....	61

and after 1891 it gradually ruled lower until in 1896 and 1897 it averaged 33 cents and 36½ cents per bushel, respectively, the former being probably the lowest price barley ever touched. It will be noted that these prices were for the "leading grade," or what was known as the highest grade of barley, in the Milwaukee market, the percentage of which is generally small, while the fair to choice malting grades of barley, which comprise the bulk of the crop, sold at an average of at least 5 cents per bushel less. We believe these same conditions also existed in the Chicago market and relatively in the other western markets.

During the last three years the price of barley has been abnormally high (reaching \$1.10 per bushel in Milwaukee in October, 1907) owing to the general trend of high prices for all commodities and apparent control of the barley market. However, it is believed that on account of the large percentage of barley used for feeding and export, the market price for barley, under normal conditions, will follow that of other grains, and that the comparatively small quantity which might be imported from Canada would have no appreciable effect on the barley market in general.

While it is not claimed that a greatly reduced rate of duty on Canada barley, or even the entire removal thereof, would immediately restore the business interests and prosperity of the eastern States that were wiped out by the enactment of the 30 cents duty, as the production of Canada barley has greatly decreased, it is believed that such action on the part of our Government would open the way for a revival of the business which has been unfavorably affected, and that in time a complete restoration of the injured and crippled industries would be realized, and full restitution made.

Inasmuch as it has been proven that all the arguments heretofore produced against the advance in duty on Canada barley to 30 cents per bushel have been well founded; that the American farmers have not been helped, but that they have, instead, received lower prices generally for their barley than before such advanced duty went into effect; that large vested property interests of certain sections of our country have been practically annihilated; that the United States is at the present time receiving no revenue from the importation of Canada barley, the present 30-cent duty being prohibitive, it is therefore difficult to conceive how harm could come to anyone by the admission of Canada barley into this country even free of duty. It is earnestly urged that the present rate of duty on Canada barley be entirely removed.

Respectfully,

OSWEGO CHAMBER OF COMMERCE.

LUTHER W. MOTT,

R. A. DOWNEY,

C. H. BOND,

P. W. CULLINAN,

H. T. NEIDLINGER,

F. O. CLARKE,

C. N. BULGER,

W. J. DOWDLE,

Special Committee.

FRESH FISH FROM CANADA.

DETROIT, MICH., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We have a good deal to contend with on account of paragraph 258, on imports of fresh fish from Canada to the United States, as the paragraph does not convey the meaning it was intended to.

The paragraph states that on fish received in boxes of less than 100 pounds the duty shall be 30 per cent of the value, and, according to our knowledge of same, this 30 per cent of the value on boxes less than 100 pounds was meant for fish that were not covered by the rest of the paragraph.

To give you an illustration: A short time ago we had a boatload of fish come from our fishing grounds at Fighting Island and it landed for customs on this side. The captain in charge of the boat had two or three empty bags in the boat, and for his own convenience he put 75 pounds of fish that were in bulk in the bottom of the boat into the bags. When they arrived the customs officers received the fish in the bottom of the boat as bulk fish and the three bags were classified separately, and we had to pay 30 per cent of the value on these three bags of fish and on the bulk fish we paid one-fourth of a cent a pound. Had the captain known of this he would have dumped the fish out of the bags and brought them in as bulk fish. On these three bags of fish, the value of which was \$18, we had to pay \$5.40, and at the one-fourth cent rate we would only have had to pay 56 cents.

We might also cite another case where we received 100 pounds of caviar in one keg and we paid three-fourths of a cent a pound duty on same, which amounted to 75 cents, and on the same day we received a shipment of 2 kegs of caviar containing 50 pounds each, and as they were less than 100 pounds we had to pay 30 per cent of the value of \$80, which was \$24 duty, and the other keg we got in for 75 cents; so you can see the meaning of this paragraph has been misinterpreted.

We submit this to your consideration so this paragraph may be changed to cover the meaning it was intended for.

We could cite several other instances where this law is conflicting, as we have had carload shipments of fish come in from Canada where there would be a few boxes that would contain from 95 to 97 pounds in each box and on account of the fact that they contained less than 100 pounds they were classified under the 30 per cent value and the boxes that contained 100 pounds or more were entered at the one-fourth of a cent rate.

Our interpretation of this paragraph is that the 30 per cent of the value clause is intended for small packages of fish put up in small quantities to be sold in these packages or boxes on the market, and not for fish that are shipped in boxes, bags, or packages which are used to convey the fish from one point to another.

Kindly give this matter your careful consideration, and oblige,

Yours, truly,

THE WOLVERINE FISH CO.,
J. P. McBRIDE, *Manager.*

GROUND SPICES AND MUSTARD.

THE AMERICAN SPICE TRADE ASSOCIATION OF NEW YORK AND
SPICE GRINDERS IN THE UNITED STATES ASK RETENTION OF
PRESENT DUTIES.

New York, December 1, 1908.

Hon. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: Herewith I beg to hand you a petition praying that the present schedules on whole and ground spices and on mustard seeds and manufactured mustard be maintained in any new tariff bill that may be enacted.

This petition is signed by every member of the American Spice Trade Association in New York City and by a large number of the grinders of spices in the United States. It has met the entire approval of everyone to whom it has been submitted, without exception.

The vouchers are hereto attached.

Very respectfully,

E. R. DURKEE & Co.,
E. W. DURKEE.

We most respectfully and very urgently suggest that the present tariff schedule on whole and ground spices, also on mustard seeds and manufactured mustard, be maintained in any new tariff bill that may be enacted, applying to such items as pepper, ginger, cassia, or cinnamon, cloves, allspice, red peppers, nutmegs, mace, mustard, and similar products.

The present duty on ground or manufactured mustard is 10 cents per pound specific. The duty on ground or manufactured spices of all kinds except red pepper is 3 cents per pound specific. Red pepper, both whole and ground, is subject to 2½ cents per pound specific, and paprika, ground or unground, 2½ cents per pound specific. All other spices and mustard seeds are free from duty. Any reduction of duty on ground mustard or ground spices would be harmful to American interests, while whole or crude spices and mustard seeds should be admitted free under present schedules for the following reasons:

Mustard.—The importations of ground mustard into the United States during the last nine years are as follows:

For fiscal year ending July 1:

1900	586, 479
1901	823, 295
1902	820, 125
1903	857, 989
1904	996, 547
1905	992, 720
1906	1, 079, 523
1907	1, 198, 560
1908	1, 307, 202

This statement shows a constant and very great average increase in the importation of ground mustard into the United States in spite of the protective duty of 10 cents per pound, amounting to 2.2289

as much in the fiscal year ending July 1, 1908, as was imported in the fiscal year ending July 1, 1900.

There is now and always has been perfectly open competition among the American manufacturers. No semblance of a trust or combination or effort to maintain or regulate prices by agreement is now on or ever has been in existence here. On the other hand, competition from abroad is, by powerful combination, controlling a very large percentage of the output of manufactured mustard, besides controlling a very large portion of the growth of mustard seed in England, Holland, and Italy by reason of contract acreage with the producers. The cost of labor, grinding, and packing is much less in Europe than in the United States. A vast majority of the product ground abroad would be packed into small tins; the manufactured tin in this case would be at cheaper labor cost, and the manufactured tins would pass customs here without duty, whereas the American cost basis for such tins would be very much higher, owing to the United States protective tariff on same and greater labor costs.

In order to compete with imported ground mustard in quality it is necessary for American manufacturers to use the finest imported seeds, such as are used by English manufacturers, who also profit by contract growth. Mustard seeds grown in the United States are not as fine in quality, hence it is a matter of absolute necessity to use imported seeds to compete in quality with the imported ground mustard. During some years, as, for instance, the crop of 1907 and the crop of 1908, there was only a very little yellow mustard seed raised in California. This present year there has been practically no California yellow mustard seed sold at any point east of the Mississippi, so that no matter what the price of imported yellow seed might be no ground mustard can be manufactured, except the seed be imported from Europe.

During other seasons practically no brown mustard seed has been produced in California, and it was necessary to import the brown seed from Europe, regardless of cost.

All ground or dry mustard flour is the combination of flour from both yellow and brown seeds, the yellow being used for flavor and the brown for its pungency. Neither is used solely by itself.

For the above reasons we very strongly urge the maintenance of a duty of 10 cents per pound on ground or manufactured mustards and the retention of mustard seeds in the free list.

Spices.—Pepper, ginger, cinnamon, cloves, allspice, nutmegs, mace, etc.; also red pepper.

All crude spices, etc., are free under the present tariff, except red peppers, which are dutiable by 2½ cents per pound, either ground or unground.

We very strongly urge the retention of these schedules, for the following reasons:

First. Because the cost of labor, grinding, and packing is much less in Europe than in this country. A vast majority of the product ground abroad would be packed into small tins. The manufactured tin in this case would be at cheaper labor cost, and the manufactured tins would pass customs here without duty, whereas the American cost basis for such tins would be very much higher, owing to the United States protective tariff on same and greater labor costs.

Second. Because crude spices are inspected on arrival in the United States, and such as are below the standard prescribed for crude spices are denied entry. If ground spices were admitted free of duty a large part of the ground spices used in this country would come from abroad at a much cheaper cost of labor and grinding, and because spices which in the crude state would be excluded from this country might, and doubtless would, be ground abroad, where the inspection and standards are less rigid. When ground, the condition of the spice before grinding could not be detected by chemical analysis, placing a premium on the grinding of crude products abroad which would be rejected here, to the detriment of American manufacturers.

To quote from the address of Dr. R. E. Doolittle, chief United States laboratory, New York City, delivered at the convention at Mackinac Island, Michigan, August 4 to 7, 1908, of the Association of State and National Food and Dairy Departments:

There are, however, a very great number of natural products, some of which are produced in this country and more, perhaps, which are imported from abroad, that come within the provisions of the food and drug law, and the sale of which should be so carefully looked after by the various officials charged with the enforcement of these laws as are the manufactured products. I need only to mention the various spices, such as pepper, nutmeg, allspice, cinnamon, and cassia, which are brought into this country in the whole state. Many of the members of this association, who have had to do with the fixing of standards for spices and the enforcement of laws containing standards for this class of products, know that there have heretofore been grades in general commerce and recognized by the trade that would not comply with these standards. This has been true particularly of the low-grade products, such as "D" and "E" Atcheen pepper. But this is not confined to pepper alone. The same appears to be true of practically all the spices. The ground nutmeg found in our market, which, by the way, complies with the standards most commonly given for that article, has heretofore been the product of so-called "grinding nutmegs," which are nothing more than the refuse from the grading process, the worm-eaten, moldy, immature, and broken nutmegs, unsalable in any other form. Fortunately, the inspection of crude drugs and spices is provided for not only by the national food and drugs act, but also by a special act enforced by the Treasury Department.

The protection against adulteration of spices afforded by the rigid inspection of crude spices now in force in the United States would be absolutely nullified if the duty on ground spices be removed, principally for the reason, as stated above, that the chemical examination of the ground spice would fail to indicate the character of the crude spice from which the ground spice was produced.

Very respectfully,

Grinders and packers of spices and mustard and dealers in whole spices and mustard seeds: B. Fischer & Co., Bennett, Simpson & Co., Van Loan, Maguire & Gaffney, Austin, Nichols & Co., Edwin J. Gillies & Co., Samuel S. Beard & Co. (Incorporated), J. B. Gruman, E. R. Durkee & Co., New York City; William H. Crawford Company, Parish Brothers (Incorporated), Baltimore; Wixon Spice Company, J. H. Conrad & Co., Thompson-Taylor Spice Company, Chicago; Steinwender & Stoffregen Coffee Company, William Schotten & Co., Hanley & Kinsella Coffee and Spice Company, Eddy & Eddy Manufacturing Company, C. F. Blanke Tea and Coffee Company,

St. Louis; The O'Donohue Coffee Company, S. C. Smith Company, Cleveland; Weikle & Smith Spice Company, The A. Colburn Company, Philadelphia; The Frank Tea and Spice Company, The Newton Tea and Spice Company, Cincinnati; Kirkpatrick Brothers, Scranton, Pa.; Joseph Strong & Co., Terre Haute, Ind.; The Williams & Carlton Company, Hartford, Conn.; Jewett & Sherman Company, Milwaukee, Wis.; Theo. F. Johnson & Co., Newark, N. J.; Halligan Coffee Company, Davenport, Iowa; Larkin Company, Buffalo, N. Y.; D. & L. Slade Company, Stickney & Poor Spice Company, Boston, Mass.; The R. T. French Company, Rochester, N. Y.; Mokaska Mills, St. Joseph, Mo.

Boston, November 25, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: We wish, in addition to the above brief, to call your attention to one spice, red peppers—the spice of all spices which is used in our country to the least extent. When the duty on this spice was worked into the Wilson bill it was done in a very unbusinesslike manner. Ground red peppers cost more to manufacture twice over than any other spice, and yet the duty on the same is only the same as the duty on the whole red peppers. In other words, there is no protection whatever for manufactured red peppers for the American manufacturer. They both stand at 2½ cents per pound. As there are comparatively no red peppers grown in this country and as the duty was imposed in the Wilson bill to benefit one man in the parish of New Iberia, La., and as the duty is 50 to 80 per cent ad valorem on the goods, we desire to respectfully petition that red peppers be placed on the free list. They were on the free list for over a generation of time. All other spices and seeds used by spice and mustard grinders are now on the free list, and there should be no exception made for the one small article of red peppers.

Yours, very truly,

STICKNEY & POOR SPICE COMPANY,
JAMES S. MURPHY, *Treasurer.*

HOP EXTRACT AND LUPULINE.

HOP GROWERS OF THE PACIFIC COAST REQUEST A CHANGE IN DUTY ON THESE ARTICLES.

SAN FRANCISCO, November 28, 1908.

CHAIRMAN AND MEMBERS,

Ways and Means Committee, Washington, D. C.

GENTLEMEN: We, the undersigned growers of hops, for ourselves and for the hop growers of the Pacific coast, request change in duty on above articles.

Hop extract and lupuline are imported from Europe. They are imported for practically no other purpose than in substitution of hops. The importations of these articles promise to be heavy. Both articles are made of hops. The hop extract is, as shown by the name, extract of the hop, while lupuline is the pollen of the hop and is the essence of its brewing value.

One pound hop extract is considered by the hop-growing and brewing trade to be equal in value to 12½ pounds hops, and we ask that the duty on hop extract be made at a rate per pound equal to twelve and one-half times the duty on hops.

One pound lupuline is considered by the hop-growing and brewing trade to be equal in value to 15 pounds hops, and we ask that the duty on lupuline be made at a rate per pound equal to fifteen times the rate per pound on hops.

There is no reason why hop extract and lupuline should not pay a duty equivalent to the duty on the quantity of hops from which they are made and equivalent to the duty on the hops which they displace.

The United States Department of Agriculture has made an exhaustive study on hops during the past five years, and no doubt will confirm our statement herein as to the quantity of hops displaced by one pound hop extract or lupuline, and you are requested to change the duty on hop extract and lupuline accordingly.

Yours, faithfully,

HERMAN KLABER, of Portland, Oreg., Representing the
Hop Growers of Oregon and Washington; E. C.
HERST, of 215 Pine street, San Francisco, Cal., Rep-
resenting the Hop Growers of California.

HOPS.

DURST BROTHERS, OF WHEATLAND, CAL., SUBMIT BRIEF ASKING AN INCREASE OF DUTY ON HOPS.

WHEATLAND, CAL., *November 13, 1908.*

HON. SERENO PAYNE,

*Chairman of the Ways and Means Committee,
Washington, D. C.*

DEAR SIR: At the end of the 1905 hop season Pacific coast hop growers sent you a petition relating to the import duty levied on bagging for hops. Nothing was done at that time to relieve the hop-growing industry, and now, only three years later, the hop growers are sending a committee of its members to appeal for an increase in the import duty to be levied on hops, in order to prevent the conditions which have and are now decreasing the production of hops in the United States to such an extent that unless a higher protective duty is put on this article the industry is in a fair way to be wiped out.

We (Durst Brothers) are among the heaviest hop growers in the United States. In 1906 our crop was 8,000 bales; in 1907 it was 5,200 bales. This year we produced 4,800 bales, and if something is not done to prevent our markets being smothered by pauper-labor

grown hops of the Continent our crop for 1909 will be still further reduced. In fact, it looks as if our business is in a fair way to be ruined.

During the last three years our losses have amounted to over \$100,000. There is no relief in sight unless we can be protected from the continental hops.

It requires from \$100,000 to \$130,000 per annum to produce our crop. In former years our business paid 8 per cent on nearly \$1,000,000 valuation, and we could have sold out for from one-half to three-quarters of a million dollars. Now we could hardly sell for one-third so much.

We pay over \$7,000 per year in taxes. We have grown hops for over twenty years. We have invested one-half more in plant and improvement of soil, etc., than we could sell for.

We think that, being so heavily interested, and with financial ruin staring us—in common with all American hop growers—in the face, we are sure of a hearing before your honorable committee. The hop-growing industry is one of the most important agricultural pursuits in the United States (1) because it distributes a larger proportion than any other crop grown of the cost of production; (2) because over 60 per cent of the cost of production goes for labor that is done by women, children, old people, cripples, and people who have no other means of earning ready money; (3) it is an industry which draws the families from the confinement and unsanitary conditions of city life to the country, with its hygienic surroundings, for an annual vacation which adds vitality to the whole family and provides money for the food and clothes for the winter season. Any industry which helps to build up the physique of the people, which gives pure air and rural surroundings annually to some 75,000 people on this coast alone, should be worth preserving.

Hop picking is the only agricultural pursuit in which the American laborers have been able to hold their own against the inroads of the Asiatics on this coast.

The present deplorable state of the hop-growing industry is due almost entirely to the heavy importations of foreign hops.

The imports of hops into the United States in year 1898 to 1899 were only 1,319,300 pounds, as against 18,600,000 pounds for the last two years. This is an increase of sevenfold in ten years. If the increase in imports continue at the same rate for another few years, we will have no hop growing in the United States. The conditions are critical at this very moment, as is shown by the falling off in production during the last three years. In 1906 we grew in the United States 65,300,000 pounds; in 1907, 53,600,000 pounds; and in 1908 we grew only 38,800,000 pounds of hops.

The production of hops in the United States has fallen off nearly 40 per cent during the last three years.

During the last three years the farmer has received for his crop on an average of at least 20 per cent less than his hops cost to produce. Forty per cent reduction in production and 20 per cent annual loss for three years in succession means absolute ruin to the hop-growing industry unless some protective measures are inaugurated at once.

We have to-day in the United States a surplus of some 40,000 bales of domestic hops. During the last two years we have imported 18,600,000 pounds of foreign hops, or about 100,000 American bales.

Brewers get double the "duty" from foreign hops that they do from domestic hops. These 100,000 bales of hops imported have, therefore, displaced 250,000 bales of domestic hops during the last two years.

We do not need to look any further for the cause of the depression in the hop-growing industry. Unless the duty is doubled we can not continue growing hops in this country. Labor is at least three times better paid here than in Europe. Ninety per cent of the cost of growing hops is expended for labor. It actually costs nearly three times as much to grow hops here as it does on the Continent, where in most places the entire labor of growing the few hundredweights of hops each family produces is done by the family.

These continental hop growers have no expensive plant, no skilled labor to employ, no foreign materials to import and pay duty on. Their only equipment is the few poles for the hops to run on, their garden tools, and baskets to pick their hops in. These hops are sun dried. Compare this with our Pacific coast yards, with trellis for the hops costing \$100 per acre, drying equipment costing nearly as much more, and an annual cash outlay of \$150 to \$200 per year, mainly expended for labor, with the meager equipment of the continental grower, who actually, in most cases, does not pay out one dollar per acre in growing or harvesting his crop. The reason these hops cost these people next to nothing is that, as has been done this season, they pick the entire crop even after it has rotted on the poles from bad weather.

This was done this season, and on the Continent are thousands of centals of 1908 hops which are offered on a basis of 1 to 2 cents per pound. Any reputable dealer will verify these facts.

If it cost 5 cents per pound to pick and harvest these continental hops like it does in America, they never could afford to pick such "rubbish," as it is denominated by dealers. As our growers must pay American wages to American labor, and must pay for all materials used on a basis of American production, it is not strange that our hops cost us three to four times as much to produce as the German hops cost. And, to make matters still worse, when the German hops are imported here the brewers "squeeze the pot" and make them do two and one-half or three times the duty of American hops; that is, our hops cost three times as much and do only half the duty of the foreign hops. We American growers are thus handicapped six to one.

Is it not evident to your honorable committee that even with an import duty of 24 cents per pound the American hop grower has all he can do to compete in the home market with the foreign producer?

We have held our own so far only because of the fertility of our virgin soil. The center of production has moved from New York to the Pacific coast.

In 1880 New York State produced 21,628,000 pounds of hops, as against only 2,398,000 pounds for the Pacific coast, or nine times as much.

In 1906 the Pacific coast produced 300,000 bales, against 50,000 for New York, or six times as much as New York. New York is going out of hop growing because she can not compete with pauper-grown and pauper-harvested hops. Three years ago Washington grew 50,000

bales of hops. This year she grew 15,000 bales. She is going out of hop growing for the same reason as New York.

Three years ago Oregon grew 170,000 bales. This year she grew (estimated) 85,000 bales. It seems as if Oregon could not compete with the continental pauper labor grown article.

In 1906 California grew 110,000 bales; this year, only 65,000, nearly 40 per cent reduction in two years.

The hop growers of the Pacific coast have some \$20,000,000 invested in the business. The "allied trades" have as much more at stake. They pay out from four to five millions annually, mostly for labor, to people who are physically unfit to earn money otherwise. The industry brings health and food to some 75,000 people annually on this coast. We are being choked by the importation of foreign pauper labor grown hops.

These hops are totally unnecessary. We grow the finest hops in the world. The use of foreign hops is a luxury, and should be taxed as a luxury, particularly as it is killing the hop-growing industry here.

If we have a duty of not less than 24 cents per pound on importation of foreign hops, hop growing in the United States will gradually recover.

If we do not have at least 24 cents per pound duty it looks as if the decline in hop growing must continue. It is un-American to allow an American industry to be throttled by pauper-made imported goods. We American hop growers and all those dependent upon us look to the next Congress for relief.

We bespeak for our representatives a cordial hearing before your Committee on Ways and Means. We earnestly pray you to accord us the relief necessary if even for only a few years, until our industry can be gotten on a solvent basis.

We ask you to recommend action to protect American capital and American labor against the influx of pauper labor grown hops, which is even now ruining our industry. We ask you to give us ample and speedy relief.

Respectfully submitted.

DURST BROS.,
Per M. H. DURST.

LEMONS.

**W. F. FRAZIER, MINING ENGINEER, HUNTINGTON PARK, CAL.,
ASKS FOR AN INCREASE OF DUTY ON LEMONS.**

HUNTINGTON PARK, CAL., *November 23, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIRS: I am considerably interested in the investigation you are now making for the readjustment of the present tariff, especially that relating to the citric fruits.

For your information, I will state I own a 20-acre lemon grove of 12-year-old trees. It is located in the best lemon belt of southern California. The trees on it are Lisbons, Eurekas, and Villa Frankels.

The proceeds of this year's crop lacked \$15.25 of paying expenses. The management of the grove has been economical and sufficient. The loss was due to my inability to dispose of the crop at the time it should be picked for a price sufficient to cover expenses. Some of the growers near me, who have the facilities for packing and storing their crops, did better than I did. They were able to dispose of their fruit while the price in the western section of the United States was the highest, which was during the warmest weather in midsummer.

Most of the small growers like myself have no packing houses and are obliged to sell when the fruit is ready for picking.

The commission men through whom I sold my crop claim they are unable to compete with the prices paid for the imported fruit on sale in the eastern section of the United States. The transportation, packing, and growing charges prevent it. We are obliged to use high-priced labor and material in producing our fruit.

The brokers through whom I sold advised me to bud my trees to oranges and to give up raising lemons on account of the eastern prices. I dislike to do so. Anyway, it will require several years to get the budded trees in a producing condition, while the expense of caring for them is practically the same as when they are producing.

I believe a proper tariff on imported lemons would help the situation; not high enough to absolutely prohibit the importation of foreign-grown fruit, but sufficiently high to shift the burden of production to the other side of the Atlantic.

Yours, truly,

W. T. FRAZIER.

OLIVES.

ATWOOD & STEELE COMPANY, OF CHICAGO, ILL., ASK A REDUCTION IN THE DUTY ON OLIVES.

CHICAGO, *December 2, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee Ways and Means,

Washington, D. C.

DEAR SIR: As one of the signers of the petitions of the olive importers of the United States to your honorable body requesting a reduction in the duty on imported olives from 15 cents per gallon to 10 cents per gallon, and earnestly protesting against the increase in duty from 15 cents per gallon (as it is at present) to 25 cents per gallon, as has been advocated by a certain committee representing certain California olive growers, we would urge the following reasons (appearing to us as unanswerable) in support of our contention for the reduction of the duty to 10 cents per gallon, as specified above:

We would represent, in the first place, that we are patriotic citizens of this great country and thoroughly believe in the principle of protecting our country's products and industries, and if it were possible to do so we would gladly use the olives produced by our California friends in preference to those produced outside of our country and would exert our influence in fostering their production. But the fact is that we have repeatedly tried to use the California olives—both green and ripe—for bottling and have found it absolutely impossible

(even when using our best efforts—the result of many years' experience) to so bottle them as to preserve them, except for a very short time, and in a barrel or keg they keep a still shorter time and very soon emit the most abominable and penetrating odor; while, on the other hand, for many years we have packed and shipped Spanish olives to all parts of the United States (including California) and have done a successful and constantly increasing business, rendered possible by the fact that the fruit was the product of a soil which gave it such a quality and property that it could be cured so that when placed in barrels and bottles it would keep for a long time.

We say Spanish olives, because really the olives produced within a radius of a few miles of Seville, Spain, are the only ones which are imported to any extent worth mentioning, and which are practically the only ones which the olive importers of this country handle.

From the foregoing we make the following deduction, viz, that there is really no competition between the California olive and the imported olive, and that if there were no California olives at all raised there would be no increase in the consumption of Spanish olives; and vice versa, if there were no olives imported there would be no increase in the consumption of California olives, because they are two distinct things; so that any duty on the imported olive must be for purposes of revenue and not for protection; and therefore if we can show that a reduction in the rate of duty would probably result in increased revenue, it would certainly be the inclination and duty of your honorable committee to recommend such a reduction; and we really believe that if our California friends thoroughly understood the situation they would agree with us in advocating the reduction.

The fact is that several years ago we bottled for the California Windermere ranch quite a number of barrels of their olives, which their representatives afterwards acknowledged was a thorough failure, as they would not keep.

Again, one of our present employees was several years ago doing a very successful business in bottling imported olives, but at the instigation of California friends he substituted their olives for the imported olives, with the result he lost all his business and was bankrupted.

Our experience along these lines has been radical and conclusive.

If the California olive could be used in place of the imported olive, why is it that, although there has been this year a practically complete failure of the Spanish olive crop, which we all use, resulting in an almost unprecedented advance in price (in many cases fully double), not a single olive packer has turned to the California olives, but has preferred and been compelled to pay the enormous prices asked abroad. This is a fact and is a complete answer to the claims of the California olive growers—that they can supply an olive which can be used for bottling.

The small size imported olive is the cheapest, as well as the most useful for food, and our experience shows that a reduction of 5 cents per gallon in the duty would enable us to considerably increase the size of the cheap package now so widely and commonly used, and this would greatly increase the quantity imported, and so result in increasing the revenues of this country, as well as being a blessing to a great number of our less wealthy citizens, and, of course, the re-

duction in duty would increase the consumption of the larger size as well; while an addition of 10 cents per gallon to the already high duty (thus nearly doubling the duty, and in the case of the cheap olives making an enormous percentage of increase in their cost) would render a cheap package of olives for the masses almost prohibitory and work a great hardship on all concerned, and most certainly considerably decrease the revenues of this country. And not only so, but the result aimed at by the increased duty could not possibly increase the consumption of the California olive, for reasons already urged.

It is true that there is an inconsiderable quantity of ripe California olives used in tins, but only a few, and as there are no ripe olives imported (only the green ones), there is no competition whatever in ripe olives, and therefore no need of protection.

Other reasons have been urged against the increase and in favor of the decrease in duty on imported olives, in all of which we heartily concur, and we sincerely trust that your honorable body may see the fallacy of the arguments put forth by the California raisers and agree to recommend the reduction to 10 cents per gallon, which we advocate, and you will have the sincere appreciation of

Yours, very truly,

JULIUS STEELE, *President.*
For ATWOOD & STEELE Co.,
Chicago.

**CHICAGO, ILL., IMPORTERS, BOTTLERS, AND DISTRIBUTERS OF
GREEN-CURED OLIVES ASK FOR REDUCTION OF DUTY.**

CHICAGO, ILL., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned, actively engaged in importing, bottling, and distributing Spanish green-cured olives in a wholesale way, indorse the statements made before your committee by the olive importer's committee, and respectfully urge a reduction in the present duty on olives in casks and barrels to 10 cents per gallon, for the following reasons:

Because of the importance of the Spanish olive selling industry, which has amounted to about 1,600,000 gallons per year for the last ten years.

Because the present rate of 15 cents per gallon is excessive on small sizes and prevents the larger development of the business.

Because the reduction asked for would largely increase the consumption and afford a greater annual revenue to the Government.

Because this industry now employs many thousands of persons in the handling and preparing of olives at good wages, and in furnishing the American-made supplies which go to make up the finished product, and thereby engages a large amount of capital.

We object to the increase in the rate of duty asked for by the few producers of California olives:

Because it is a different class of olive, not suited to the requirements of this trade, can not be successfully bottled when green cured,

is not uniform in color, and of infinitesimal quantity, and therefore noncompetitive.

Because such a duty would seriously diminish the quantity of Spanish olives imported. This would operate to greatly reduce the revenue of the Government without benefiting in the least the California olive industry.

Reid, Murdock & Co. (by Wm. F. Bode), Chicago, Ill., wholesale grocers and manufacturers; Atwood & Steele Co. (by Julius Steele, president), Chicago, Ill., importers and packers of olives, etc.; Franklin MacVeagh & Co. (by H. R. Eagle), Chicago, Ill., wholesale grocers and manufacturers; Sprague-Warner Co. (by C. H. Bolster), Chicago, Ill., wholesale grocers and manufacturers; Glaser, Kohn & Co. (by G. A. Glaser, president), Chicago, Ill., importers and packers of olives.

(Communications similar in purport to the above were received from the following: R. C. Chance's Sons, 122 Pine street, Philadelphia, Pa.; Glaser, Kohn & Co., West Washington and Union streets, Chicago, Ill.; Sprague, Warner & Co., Chicago, Ill.; Otis Shepard & Co., Pittsburg, Pa.)

OLIVES AND OLIVE OIL.

**GITHENS, REXSAMER & CO., IMPORTERS, PHILADELPHIA, PA.,
ASK FOR REDUCTION IN DUTY ON OLIVES AND OLIVE OIL.**

PHILADELPHIA, *December 1, 1908.*

Hon. S. E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: The object of writing is to call your attention to the duty on olive oil. As we understand it in the revision of the tariff it is proposed to advance the duty on olive oil from 50 cents per gallon to 80 cents per gallon. We should like to enter our protest against this on the grounds that olive oil is now becoming very largely used in most every family, not only for table purposes, but medicinal, and in that way the quantity consumed is very great, and a great many times greater than we can ever produce in this country, and as the burden of this taxation would fall on the masses, we therefore enter our protest, as we know the object of the tariff is not to place a burden or a tax on the masses. This being used for medicinal purposes as well as table it enters into most every household.

We would also like to see the duty on olives reduced 10 cents per gallon instead of 15 cents per gallon as it is now, as we feel that the reduced tariff would cause the masses to use many more olives, as it is an article that can be sold in large quantity and to the consuming population, which is the working people, if they can be retailed at a popular

price, and with a duty of 10 cents per gallon on the small Manzanilla olives it puts it in a range so that they can be retailed at a popular price.

Very truly, yours,

GITHENS, REXSAMER & Co.

Letters similar in purport to the above were received from the following: Smith, Kline & French Company, Canal and Poplar streets, Philadelphia, Pa.; Dodson-Braun Branch, National Pickle and Canning Company, St. Louis, Mo.; Alart & McGuire, 66 Madison street, New York City; Francis H. Leggett & Co., 132 King street, New York City; The Lippincott Company, Cincinnati, Ohio; Austin, Nichols & Co., New York City; Philadelphia Pickling Company, 260 South Second street, Philadelphia, Pa.; The William Edwards Company, 1430 Ninth street northwest, Cleveland, Ohio.; Reid, Murdoch & Co., Lake and Market streets, Chicago, Ill.

PEARLED BARLEY.

RYAN BROS., JAMESVILLE, N. Y., ASK RETENTION OF PRESENT DUTY ON PEARLED RICE.

JAMESVILLE, N. Y., *December 1, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We take this opportunity of submitting a few facts with reference to the revision of the tariff on pearled barley in Schedule G of the present tariff law, relative to agricultural products.

Pearled barley consists of barley with the hull taken off, and is used principally in the large eastern cities. Numbers 3 and 4, which is the principal product, sells in the New York market for \$2.50 per hundredweight. It takes 4 bushels of barley to make 100 pounds of pearled barley. This 4 bushels of barley also makes 90 pounds of feed, worth at present \$1, total from 4 bushels of barley, \$3.50.

Barley delivered from Buffalo at our mills costs 68 cents per bushel, total cost of 4 bushels.....	\$2.72
Cost of manufacture, 100 pounds pearled barley. with steam power.....	.25
Commission for selling.....	.125
Freight .....	.10
Rag .....	.065
Total	3.26

Leaving a profit of less than one-fourth of a cent per pound.

Competition comes from Germany; the Germans can undersell us, not only because barley, labor and machinery are cheaper, but principally because the outside of the barley, which is used for feed here, is sold for flour there, at much higher prices than here, and used for making bread by the peasants.

There are about 10 barley mills in the United States, capable of making enough pearled barley in three or four months to supply the home trade for a year. There is no pearled barley exported to speak

of. You can readily see from the profit stated above and the capacity of home mills that competition in this country is very sharp, and that a little competition from Germany would wipe out all of the profit there is to the manufacturer at present.

There were formerly 6 mills in Onondaga County. Two are closed, 2 at Fayetteville, N. Y., burned down and have never been rebuilt, and 2 are running on part time, viz, our mills at Jamesville, N. Y., and the Smith mills, at Marcellus Falls, N. Y.

Under the Wilson bill the tariff was reduced to 30 per cent ad valorem, or about one-half cent per pound, which had a ruinous effect on our trade. The present tariff is 2 cents per pound and affords us ample protection from German competition. We believe that no one complains that pearled barley is too high. The profit fluctuates from nothing to one-half cent per pound, which is not too much. We hope for no tariff change.

Respectfully, yours,

RYAN BROS.,
Jamesville, N. Y.

PINEAPPLES.

SUPPLEMENTAL STATEMENT SUBMITTED BY E. P. PORCHER, REPRESENTING THE INDIAN RIVER AND LAKE WORTH PINE- APPLE GROWERS' ASSOCIATION OF FLORIDA.

This association, formed in 1891, was organized, not for the purpose of controlling prices or forming a combine against consumers, but solely with the intent to improve the product, pack in suitable carriers, and combine in the forming of car-lot shipments, with a wide distribution of the product, basing its prices on the law of supply and demand.

We are asking for an increased duty on pineapples.

The duty on pineapples as provided under paragraph No. 268 of the Dingley tariff act of July 24, 1897, reads as follows:

"No. 268. Pineapples in barrels and other packages, seven cents per cubic foot of the capacity of barrels or packages; in bulk, seven dollars per thousand."

We ask the changing of the above paragraph to read:

"No. 268. Pineapples in barrels, crates, or other packages, one cent per pound; in bulk, fifteen dollars per thousand."

The Cuban standard crate, copied after our crate, is 10½ by 12 by 36 inches, approximately 2½ cubic feet, yet under the Dingley Act, as now enforced, these crates are assessed at a duty of 14 cents per crate.

Under the duty in bulk, \$7 per thousand, the rate on a 30 size pineapple by the crate, would be 21 cents, but noting this as against him, the Cuban importer now fetches in his pineapples in crates and pays but 14 cents per crate.

Attention should also be called to the so-called unmerchantable bad order goods imported, on which a ruling was made giving allowances for fruit, supposedly in bad order to have duties remitted, the fruit to be "dumped."

In this connection, witness the frauds as shown by the conviction of Seward and others at Baltimore, with the natural inference that

many other such cases had been undetected or the evidence insufficient for conviction.

It was shown that vast quantities of fruit were brought in marked as bad order unmerchantable and were supposedly dumped that were actually in perfect order and entered into competition with our fruits, having entirely escaped paying duty.

In asking for this rate of duty we are not asking for a prohibitive tariff, knowing full well that, with his cheapened cost of production, the foreign producer can well afford to come into our markets, but we do know that it will make him more cautious in the growing, handling, and packing of his product, and that he will be able only to place an article of the highest value in competition against us; and that the disastrous condition as at present with large lots of poor fruit of small sizes and in bad order sent in to demoralize the markets, disgust the consumer, and create a prejudice against the pineapple, and in many cases turn the consumer to using other fruits in its place, will be prevented.

We see each season these effects most plainly where the "dog in the manger" policy seems to prevail, and the foreign pines continue to come in right through the whole season and when market conditions do not really warrant, a loss to the importers, a menace, yes, a disaster to our home-grown fruit and with absolutely no benefit to the consumer.

Glutted markets, spasmodically glutted with fruit in bad order are valueless to the consumer, whereas regular markets, at fair prices, with fine fruit arriving in sound condition, are what benefit the consumer; and these we within the confines of United States territory are prepared to furnish and can furnish if the duty as prayed for is made effective.

The cost of production with us is heavy, and with the price of land at \$100 per acre, the cost of clearing and preparation more than equaling the original cost, with no other product possible on this land except pineapples, with fertilizers used at the rate of 4,000 pounds to the acre per annum, and with labor receiving from \$1.25 to \$2.50 per day, we are in need of a fair protection against the cheap lands and labor that produce the foreign pineapple.

We submit that the producer of the raw material, bearing all the heavy cost of embarking in this business, is entitled to more than the tariff covering revenue for the Government, but that he is entitled to the protection and fostering of such American industries, especially where it can be shown that this means a possibility of a sufficiency of this entire product being produced for supplying at a reasonable price to the consumer all that is needed for consumption in these United States.

With their small cost for land and no fertilizers used, the Cuban grower has a maximum cost for labor of 80 cents per day, and at times much less figures, whereas we have a minimum cost for labor of \$1.25 per day, with the average for a large part of the season above \$1.50 per day, and a part of the year we pay as high as \$2 and even \$2.50 per day.

We are not in favor of poorly paid labor, and the fact of the demonstrableness of our contention is the neatness and comfort in the homes and the material progress of the working class on the east

coast of Florida, where the pineapple crop of the United States is produced.

Florida produced a total of 690,000 crates of pineapples last season, and of this the east coast section of that State produced 640,000 crates.

We contend, and can show, that this same section can very shortly produce 2,000,000 crates, and these be put into market at reasonable prices to the consumer and a fair profit to the grower if the tariff as asked for be placed.

It is shown that the cost of producing a crate of pineapples f. o. b. cars is from 70 to 90 cents per crate, this cost varying with soil and weather conditions, and it should be borne in mind that after caring for these plants eight years at an annual yearly cost these fields have to be replanted, with as high or higher cost per acre for removing the old plants, preparing the land anew, and replacing some of the lost humus, as was the original cost of the land.

Our association records show a net average to the grower of \$1.26½ per crate f. o. b. cars at shipping point.

Thus with this crop, which can not be estimated fairly to produce a larger yield than an average of 150 crates per acre, and occupying, as it does, lands that are unfit for any other product, yet which supplies well-paid employment to American labor. Let me emphasize this, American labor—not foreign—with a heavy investment of capital should be protected to the extent asked, which is only just and reasonable and in accord with the spirit of the American protection system, which is so graduated between the capital that establishes, the labor that produces, and the public that consumes, as to be the most desirable adjunct of the Government in promoting the general welfare of the people of the United States.

We are not in favor of any form of ad valorem duty, as it can be shown under this form the valuations are so reduced as to make it practically inoperative.

It has been urged that it is best to have the duty charge per cubic foot, and, when in bulk, per thousand.

We find the duty on citrus, which is regulated on tariff per pound, is most satisfactory, and we ask that the duty on pineapples shall be assessed per pound when in barrels, crates, or other packages, and in bulk, per thousand.

It can be shown that the very life of this great industry is at stake; that we have produced a very large share of the total consumption of this fruit, as grown by us, the finest of its kind in the world, and that we have the capacity to produce in a very short time all of this fruit that is needed by our people, and be able to supply them at a reasonable price.

In the matter of lower freight and lower cost of production the Cuban pineapples have more than an offset for the tariff duty we ask as an equalizer, which will enable us to hold up our present acreage and increase with new fields sufficient areas to amply supply the entire markets of the United States, and in this matter we have taken note of the fact of Cuba having a reciprocity agreement whereby a reduction of 20 per cent on any schedule is given the said republic of Cuba.

We have endeavored to bring forward our contentions as simply and plainly and with as little elaboration as possible, and our cause is so plain and so just that we feel sure of its prompt recognition with

the adoption of the paragraph covering pineapples to be embodied in the new tariff as follows:

"No. 268. Pineapples in barrels, crates, or other packages, one cent per pound; in bulk, fifteen dollars per thousand."

Very respectfully,

E. P. PORCHER,

*General Agent and Special Representative Indian River and
Lake Worth Pineapple Growers' Association of Florida.*

THE INDIAN RIVER PINEAPPLE GROWERS' LEAGUE ASKS FOR INCREASED PROTECTION FOR ITS PRODUCTS.

WASHINGTON, D. C., December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Indian River Pineapple Growers' League is a voluntary association whose purpose is to secure better commercial conditions for the Florida pineapple industry. This association during the past year endeavored, before the Interstate Commerce Commission, to have the freight rates reduced, which decision will be referred to later.

A pineapple crate measures 10 by 12 by 36 inches and contains 2½ cubic feet; weighs 80 pounds when packed.

The cost to establish an acre of Florida pineapples is—

Land	\$100.00
Clearing land	75.00
Plants at \$5 per 1,000	70.00
Setting plants, per acre	30.00
Fertilizing, two years	120.00
Labor	60.00
Equipment, houses, wagons, etc.	45.00
	<u>500.00</u>

No allowance for interest on investment.

After a field is established there is an annual charge, as follows:

For fertilizers	\$70.00
Labor and depreciation	75.00
	<u>\$145.00</u>

Average annual yield, 180 crates.

Average cost per crate to produce, 70 to 80 cents.

Average cost to pack:

Crates	0.15
Labor .....	.20
	<u>.35</u>

Average cost of transportation to eastern markets .....	.75
Average cost per crate to produce	<u>.70</u>

The average cost to produce, pick, pack, and deliver to eastern markets, per crate

Compared to the Cuban industry:	
Average cost to produce, per crate	\$0.20
Average cost to pack .....	.35
Average cost transportation, New York .....	.31½
Average cost transportation, Cuban seaport .....	.07½
Duty paid .....	.14
	<u>1.08</u>

In favor of Cuban product.....	\$0.72
Increase of duty asked.....	.06
Balance in favor of Cuba.....	.06

WESTERN MARKETS.

Average cost to produce and pack, Florida.....	\$1.05
Average cost transportation.....	.85
Average cost to deliver.....	1.90
Average cost to produce, Cuba.....	.55
Average cost transportation seaport.....	.074
Average cost transportation.....	.504
Duty paid.....	.14
Average cost to deliver.....	1.36
In favor of Cuba.....	.64
Increase of duty asked on Cuban tariff.....	.06
Difference in favor of Florida, delivered western markets.....	.12
Difference in favor of Cuban, delivered eastern markets.....	.06

The setback the Cuban industry received during the Spanish war, induced a large number of people to engage in the pineapple industry in Florida. The industry has grown from 106,000 crates in 1897 to about 725,000 crates in 1908, which was decidedly a short crop.

The injustice of the present low rate of tariff against the American producers is apparent. The American producer has to pay high prices for labor and for all protected articles connected with his business, and is compelled to sell his product, in active competition, against foreign cheap labor and natural advantages.

The Florida pineapple is somewhat out of its natural element as to soil and requires a large amount of fertilizer, and through this demand helps in a large way other American industries.

It is one of the chief sources of revenue of the Florida East Coast Railway and quite an item for all southern railways, paying annually some \$650,000 in freight on the fruit alone.

American labor could not exist in Florida, where most necessities are abnormally high, at the prices paid foreign labor.

The heavy imports into the markets of the United States of Cuban pineapples has compelled the American producer to export his product, while the Cuban pineapples occupy the markets of this country. The high freight rates limits the amount profitably exported to about 75 carloads annually to Canada and 25 carloads to England. Cuba has now followed the American product into Canada and has practically driven Florida pineapples from the east Canadian markets.

The present duty of 14 cents a crate on Cuban pineapples is absorbed by the difference in cost of transportation charges alone.

Compared: Cuba to seaport 7½ cents, from Habana to New York 31½ cents, plus 14 cents duty, shows a total of 53 cents. Florida to Jacksonville 25 cents, Jacksonville to New York via Clyde Line 35 cents, shows a total of 60 cents per crate, or 7 cents per crate more than is charged from Cuba, plus 14 cents duty. While the average all-rail rate to eastern markets is 70 cents, it shows a charge of 10 cents in favor of Cuban pineapples with duty paid.

To deliver Cuban pineapples to western markets, plus 14 cents duty, is 8 cents. The average rate paid on all Florida pineapples to Chicago or western markets is 85½ cents. The present duty gives absolutely no protection, but is entirely absorbed by the difference in transportation.

The cost to produce a crate of pineapples has increased under the Dingley tariff 33¼ per cent, while the net price of late years has decreased.

		1897.	1908.
Cotton-seed meal.....	per ton..	\$16.00	\$22.00
Crate material.....	per 100..	9.50	13.50
Labor, negro.....	per day..	1.00	1.50
Labor, white.....	do.....	1.50	2.50

The average net for 400 cars of pineapples handled season of 1908 by Mr. E. P. Porcher, general agent, Indian River and Lake Worth Pineapple Growers' Association, was \$1.26 per crate. For 500 cars handled by Chase & Co., about the same amount. The purchase price in Cuba in 1908 was \$1.30 per crate.

The Cuban pineapples begin to arrive in American markets in large quantities the last of March. Florida pineapples begin to move the last of May. This gives Cuban pineapples a free market without competition for two months and at such times are often quoted at \$2.50 to \$3.75 per crate. They continue to ship in active competition with Florida, the remainder of the season. Cuba imported by June 1,491,958 crates. Cuban imports, with the Florida crop, placed over 1,000,000 crates on American markets within six weeks, beginning June 1. This caused ruinous prices to the American producer.

The Florida pineapple industry is rapidly increasing and will continue to do so if given sufficient protection, and can supply at a reasonable price sufficient pineapples for all demands in American markets during the regular season and with Hawaiian Islands and Porto Rico furnish a supply for all the year.

The pineapple is in no sense a necessity, but is a luxury, and for this reason will be purchased by its regular consumers at a fair price, hence the amount of duty received by this Government if the present duty is increased to 1 cent per pound will be \$640,000. This great benefit to the Government will impose no hardship and will be paid willingly, and at the same time protect a large American industry which consumes a large amount of American products in its production.

Regarding Chairman Payne's statement of injury by cold, we cite the following: December 23, 24, 25, 1905, the temperature registered 27 degrees and formed ice each day. The entire pineapple producing section withstood this temperature and produced 562,000 crates of pineapples that season. This did not cause as large per cent of loss as was suffered by the citrus industry. However, there is a liability of loss of crop should a much lower temperature result, but with reasonable profits would and must be immediately replanted or cause abandonment of land and improvements valued at \$200 per acre.

Florida has furnished a regular crop for the past 11 years.

The Hon. Commissioner Prouty says, page 502, before Interstate Commerce Commission, Florida Fruit and Vegetable Shippers'

Protective Association v. Atlantic Coast Line Railway Company et al.:

"Pineapples are imported in large quantities into the United States from Cuba. They come by water to various Atlantic ports and are transported from there to interior destinations, and they are also brought into the Gulf ports, reaching the Middle West and as far east as Buffalo by this route. The cost of water transportation is low and the rates made to interior points, especially from the Gulf, are also low. It is said that the low cost of labor in Cuba, the natural fertility of the soil, which requires no fertilizer, the abundant crop, enable the Cuban pineapple to drive its American competitor from our markets, and that unless the rates of transportation are reduced in Florida the industry in that State can not sustain itself.

"It is no business of these defendants and no part of the duty of this commission to establish such railway rates as will, at all hazard, enable the American products to compete with foreign product. Undoubtedly these competitive conditions must be considered and rates made, when that can properly be done, which will enable the traffic to move, but when reasonable rates have been established it is for Congress to say whether the foreign products shall be admitted to our market. If the present duty is not sufficient these defendants can not be required to reduce their charges for the purpose of keeping out the foreign article."

The pineapple industry is the sole occupation of thousands of people who are dependent upon it for their sustenance. No individual's shipment exceeds 40 carloads annually. The pineapple industry is mostly owned by people who have come from the Northern States and represent every State north of the Potomac River and west to Colorado.

The majority of these people are Republicans and favor a protective tariff. Why should Republicans in Florida in favor of a protective tariff not have it on an industry they largely control? To the Democratic Members we say, Why should Democrats in Florida have to buy highly protected articles and ship against no protection?

Compared to cost of production and market value, pineapples are entitled to and demand the same rate of duty as citrus fruits now have, or 1 cent per pound, when packed in crates or barrels, and \$15 per 1,000 when shipped in bulk for canning purposes.

We ask that paragraph No. 268 be revised to read as follows: Pineapples in barrels and other packages, 1 cent per pound; in bulk, \$15 per 1,000.

Respectfully,

INDIAN RIVER PINEAPPLE GROWERS' LEAGUE.

C. A. ROBINSON, *President*.

HARRY JENNINGS, *Secretary*.

T. G. McMULLEN, *Representative*.

F. W. WILLES,

THOMAS HELLIER,

GEORGE E. COON,

S. F. WEBB,

R. E. BRUY,

C. H. RACEY,

H. E. SEWALL,

W. H. BESSY,

Committee.

**REPRESENTATIVES OF THE HAWAIIAN PINEAPPLE GROWERS
SUBMIT BRIEF ASKING FOR CHANGES IN EXISTING LAW.**

Hawaiian growers do not ask for a prohibitive tariff on pineapples. We advocate a rate of duty that will give the Government an increased revenue on the pineapples now imported, and one that will more nearly approximate the bare difference in cost of production, due to cheaper labor abroad, and the use of duty-paid materials, cans, and machinery used by the domestic packer.

Broadly speaking, we ask only a verbal correction of paragraph 263 to make effective the original intent of the Dingley Act in respect to canned pineapples; and with that we ask a correction of paragraph 268, eliminating the cubic-foot rate and adjusting the duty on fresh pineapples so that it shall not render ineffective the duty on canned pineapples; also in order that the cheap pineapples of the West Indies shall not drive the Florida and Hawaiian fresh fruit out of the market.

GROWTH OF THE INDUSTRY.

At the time when Hawaii came under the full operation of the Dingley tariff through annexation, the annual production of canned pineapples was less than 8,000 cases. Through the encouragement of the protection to the canned-pineapple industry afforded by the Dingley law as then construed, the production in Hawaii has increased until a total of 419,072 cases was produced this last season.

It is safe to say that practically all this growth of the industry was the result of protection and would not have been possible without it.

Some 12 companies are now engaged in the growing and canning of pineapples. They represent a capital investment of about \$1,500,000. Ninety-five per cent of this capital is American and only 5 per cent is foreign.

The stock in these companies is widely distributed throughout the islands. A considerable amount is also owned by individuals on the Pacific coast and in the Eastern States.

But the companies above referred to by no means represent the entire pineapple industry of Hawaii. Individual farmers grow pineapples and sell them to the canneries, just as mainland farmers grow beets and sell them to sugar-beet factories.

Thus through the benefits of protection an important new industry is being built up in Hawaii. The industry is doubly important to Hawaii because if rightly protected it will afford a living profit to the individual farmer or fruit grower.

The production in Florida and Hawaii has already reached the point where competition regulates the price, and they will be able in the immediate future to supply the entire consumption in the United States.

CITIZEN AGRICULTURAL POPULATION.

The pineapple industry is also highly important to Hawaii because the fruit can be grown on lands that are unsuited to other forms of tropical agriculture; it is in fact a possible means of largely increasing the citizen agricultural population of the Territory. No industry in the islands is better adapted to the farmer of moderate

means. It constitutes one of the chief hopes of those desirous of seeing these islands settled by a progressive American population. The growing of pineapples is semihorticultural and somewhat resembles fruit culture in southern California, which has been brought to such a scientific stage of perfection.

In order, however, to have this industry continue and grow, protection must be given it approximating that given to other fruits. American wages can not be paid for semitropical fruit growing in open competition with the cheap labor of the West Indies and Singapore. Nor can an American packer, limited to high duty paid tin, sugar, machinery, and supplies, compete openly with packers having all those articles free of duty. All that is asked is a tariff that shall more nearly equalize the difference in cost of production.

DUTY-PAID SUPPLIES USED.

Practically all of the materials used in the production of Hawaiian pineapples and the manufacture of same into canned goods are imported from the mainland of the United States. No other article produced in Hawaii requires so large a proportion of such imported materials as canned pineapples. For every ton of finished product, worth, say \$75, it is estimated that \$80 represents the cost of materials, all of which come from American farms and factories. Nearly all of these materials, especially tin and sugar, enjoy the benefits of protection, and our pineapple canners must pay higher prices for them in competition with foreign producers using free materials.

DIFFERENCE IN COST OF PRODUCTION.

The price per dozen of the No. 2 can (known as 1½-pound can) of Singapore pineapple in New York, without duty paid, is at present 71.75 cents. Subtracting the cost of freight, 16 cents per dozen, gives a cost at Singapore of 55.75 cents per dozen. The corresponding No. 2 can of Hawaiian pineapple costs to produce under present conditions, f. o. b. Honolulu, \$1.1475 per dozen, showing a difference in cost of production of 59 cents per dozen.

Under present construction of the Dingley Act canned pineapples are all entered as "preserved in their own juice" and pay only 25 per cent duty ad valorem; this would be only 14 cents per dozen on the No. 2 size can. The duty under the proper classification of "fruits preserved in sugar" would be about 38.23 cents per dozen.

It will thus be seen that even the higher duty does not cover the difference in cost of production, and the Hawaiian grower must rely on the superior quality of his fruit to compete. This he is able to do with a duty of 1 cent per pound and 35 per cent ad valorem; but the interpretation placed on the last clause of paragraph 263 by recent court decisions practically admits all canned pineapples, however much sugar may have been added, as still being "pineapples preserved in their own juice," and dutiable only at 25 per cent ad valorem.

As this latter rate amounts to only about one-fourth of the difference in cost of production, it is clearly inadequate; there is no reason why canned pineapples containing any added sugar should not pay the same rate as other canned fruit as provided for in paragraph 263, viz. 1 cent per pound and 35 per cent ad valorem.

MISINTERPRETATION OF THE PRESENT LAW.

During the period when the Hawaiian pineapple industry was chiefly built up the Treasury Department properly construed the last clause of paragraph 263 of the Dingley Act, "Pineapples in their own juice," to include only canned pineapples to which no sugar had been added. (See Treasury Decisions 12725, 13767, 23207, 24781, 24494, and 25577.)

Recent court decisions have practically held that all canned pineapples may be entered at the lower rates irrespective of the quantity of sugar added; canned pineapples containing 33 per cent of sugar have been held dutiable as preserved in their own juice.

In order to correct what the customs appraisers agree is a misconstruction of the present law, we ask that in the last clause of paragraph 263, after "pineapples preserved in their own juice," you add the words, "without sugar or spirits added thereto."

In canning pineapples sugar is added to the extent of from 8 to 47 per cent. In Hawaii 91 per cent of the pack contains added sugar and only 9 per cent is actually preserved in its own juice."

There is no sound reason why canned pineapples containing added sugar should not pay the same tariff rate as other canned fruits similarly packed.

While the Hawaiian pineapple growers do not strenuously object to the special rate of 25 per cent ad valorem for canned pineapples when contained in their own juice alone, we do say that the special rate, under present court decisions, would greatly threaten the entire industry. The last clause of paragraph 263 should either be amended as above or else be eliminated.

COST OF LABOR.

In the Hawaiian pineapple industry the average wage for a ten-hour day is 93 cents; the average labor cost in competing tropical countries is from one-fifth to two-fifths of that sum.

COST OF TRANSPORTATION TO MARKET.

The average cost of marketing Hawaiian pineapples is found to be 58 cents per case, or, say, \$14.50 per ton. Under the existing laws these products must be carried in American vessels. It will be found that the difference between the cost of marketing the West Indian pines and Hawaiian pines will represent a large proportion of the present duty.

FRESH PINEAPPLES.

Paragraph 268 of the Dingley Act provides a duty of 7 cents per cubic foot on pineapples in packages and \$7 per thousand in bulk. The rate per cubic foot was supposed to be the equivalent of the bulk rate; in practice it has proven to be one-third less than the bulk rate. The result is that nearly all the fresh pineapples imported come in packages, and pay only a nominal duty of about 4 mills each.

Nearly 1,000,000 crates of pineapples were imported from Cuba alone this past year. The cost per ton of producing fresh pineapples in Hawaii is a little more than double the cost in Cuba and

the West Indies; the cost in Florida is three times that of the foreign producer.

These fresh pineapples from Cuba and the West Indies, coming in under the present insufficient duties, not only crowd out the fresh fruit from Florida and Hawaii, but also will tend to drive out the canned pineapple of domestic origin. In other words, the insufficient duty on the fresh fruit will make ineffective the higher duty on canned pineapple.

With reasonable protection, Hawaii and Florida can supply the United States with fresh pineapples of a quality admittedly superior to the imported fruit.

For the above reasons we ask that the duty on fresh pineapples be increased to \$15 per thousand. As the number of pineapples in each crate is stamped on the outside, there is no reason why they should not all be entered at the bulk rate. Even at these rates, pineapples will have much less protection than the citrus and deciduous fruits.

QUALITY OF THE FRUIT.

Hawaiian pineapples are admittedly superior to any of the imported fruit, either fresh or canned.

For this reason we have not asked a rate of duty that fully covers the difference in cost of production.

But without a reasonably protective schedule the inferior imported fruit will destroy the market for the superior domestic pineapples, both fresh and canned.

JAMES D. DALE,
President Hawaiian Pineapple Growers' Association.

GEO. B. MCCLELLAN,
*Representing the Chamber of Commerce and
Merchants' Association of Honolulu, Hawaii.*

T. M. STEVENS & CO., PORTLAND, OREG., RECOMMENDS ASSESSMENT OF DUTY ON CANNED PINEAPPLES WITHOUT REFERENCE TO SUGAR USED.

PORTLAND, OREG., *December 2, 1908.*

S. E. PAYNE,
*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: We beg to enter protest against the present duty on pineapples in so far as collection of same is enforced by the various collectors of customs as well as the interpretation of the present tariff. We do not object to the rate of 25 per cent ad valorem and under which most of these goods come into this country at present. We believe it would be fair to all, however, if the straight 25 per cent ad valorem covered the importation of these goods without any regard to the percentage of sugar used in packing them.

In importing these goods we have found that interpretation by collector at Port Townsend would differ from that of collector at this city or San Francisco on identically the same goods. We do not believe that the revenue derived by the Government would be any

less than at present, and it would enable importers to know exactly as to what their goods would cost them, thus removing risk that they at present run and which oftentimes leads them to decline importing. On the other hand, the Government itself would avoid unnecessary clerical labor and expense in connection with importation of this article.

Very respectfully, yours,

T. M. STEVENS & Co. (INCORPORATED),
T. M. STEVENS.

PITTED AND STUFFED OLIVES.

ADOLPH LANKERING, HOBOKEN, N. J., ASKS AN INCREASE OF 15 PER CENT DUTY.

HOBOKEN, N. J., *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C. .

GENTLEMEN: As you have the proposed revision of the present tariff under consideration, at the request of a delegation of citizens of this State I respectfully direct your attention to the fact that the importation of pitted olives and stuffed olives exceeds half a million gallons a year.

Pitted olives and stuffed olives should be looked upon as a manufactured article, as the pitting and stuffing of olives gives employment to several thousand persons the whole year around. At present this work is done in Spain by cheap labor, and the people in this country are excluded from competition, because at our rate of wages the gallon of pitted and stuffed olives would cost about 15 per cent more than the imported article. There is no specific duty on pitted and stuffed olives now, and a discrimination between the plain and the prepared olive should be made.

If the committee on tariff revision could be induced to levy an extra duty of 15 per cent ad valorem on pitted and stuffed olives, the work referred to would be done in this country and prove a great benefit to our laboring population.

Some years ago the work of pitting and stuffing olives was done at our olive-packing houses, but gradually dropped off on account of the cheap labor in Spain.

At the last election the people, by an overwhelming majority, gave expression in favor of a protective tariff, and therefore, in behalf of my friends, I appeal to you to recommend the desired additional 15 per cent ad valorem duty on pitted and stuffed olives as being in accord with the commercial policy of the political party in power and indorsed by the people on November 4 last.

The people have absolute confidence in your sincere efforts to protect their interest, and I assure you, if you should be successful in securing the protection asked for by above appeal, the people interested will give evidence of their gratitude at the proper time.

I have also petitioned our Representative, the Hon. James A. Hamill, who, no doubt, will join our pleading to increase the duty on pitted and stuffed olives.

Hoping that you will kindly consider our just claim and, if you should deem it necessary, extend to us the opportunity to offer further and absolute evidence of the extensivity of the commercial interest referred to, I remain,

Most respectfully, yours,

A. LANKERING.

RICE.

HON. J. KALANIANA'OLE, DELEGATE FROM HAWAII, CALLS ATTENTION TO ALLEGED DISCREPANCY IN DUTIES ON CLEANED AND UNCLEANED RICE.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The attention of your committee is called to the discrepancy existing between the present duty of 2 cents per pound on cleaned rice and that of only $1\frac{1}{4}$ cents on uncleaned rice.

The duty of 2 cents on cleaned rice is evidently the basing rate, and the American growers have already asked that this rate be continued in the new tariff law. The rate of $1\frac{1}{4}$ cents on uncleaned rice was presumably intended as an equivalent to the rate on cleaned rice, but it has not proven so in practice.

The only differential that should be made between cleaned and uncleaned rice is the loss in weight by cleaning or polishing. This loss in weight is only from 8 to 10 per cent; therefore the differential on uncleaned rice should only be, at most, 10 per cent of the duty on cleaned rice, or two-tenths of a cent per pound, making the equivalent duty on uncleaned rice 1.8 cents per pound instead of 1.25 cents.

The reason for this basis of equivalent is that both the loss in weight and the cost of polishing are fully covered in the lower price at which the unpolished rice is imported; therefore the only difference that should be made in the tariff is to cover the loss in weight of the rice upon which the duty has been paid, and this is fully met by an allowance of 10 per cent of the duty on cleaned rice.

Because of the present inequality in the rice schedules the most of the rice imported to this country is in the form of unpolished rice in order to obtain the lower duty.

In Hawaii about 24,000,000 pounds of Japanese rice are imported annually, and practically all of it is entered as "uncleaned" rice. The result is that this Japanese competition is destroying the rice-growing industry in Hawaii. It is also making an unreasonable competition for the rice growers of the mainland.

As it was evidently the intention of the Dingley Act to give American rice growers a protection of 2 cents per pound on cleaned rice, which rate was designed as the basic rate on rice, we ask that the rate on uncleaned rice be fixed at the proper equivalent of, say, 1.8 cents per pound.

J. KALANIANA'OLE,
Delegate from Hawaii.

JOHN B. HARDY, NEW YORK CITY, WRITES RELATIVE TO METHODS CLAIMED TO BE EMPLOYED BY FOREIGN RICE MILLERS.

New York, November 30, 1908.

HON. JOHN DALZELL,
Committee on Ways and Means,
Washington, D. C.

DEAR SIR: The following, which is a copy of a letter which appeared in the Rice Industry, published at Houston, Tex., under date of December 31, 1906, may be useful to your committee when the matter of making rice tariff schedules comes up, bearing as it does on what may be rightly termed reprehensible methods adopted by foreign millers in order to enable them to compete with our home product:

HOUSTON, TEX., December 16, 1906.

MR. JOHN B. HARDY,
Houston, Tex.

DEAR SIR: In answer to your letter, beg to state that I was employed five years by Rickmers, Reismuehle, Rhederle & Schiffbau, A. G., in Bremen, Germany, the largest rice mill in Europe, if not in the world, and sometimes milled rice from different parts of the world which in my opinion were sweepings or scrapings badly weeviled and damaged, which of course I believe were gotten for a song, but were doctored up by some artificial process, as bleaching, colored with indigo blue—which, by the way, was mixed with white sand to make the coloring process run uniform. Of course the sand would come within the rice and a gain in weight in proportion would result; then, to give it a luster, paraffin, glucose, and some kinds of mineral oils were applied to it. Most of this rice was intended for export for the United States, I understand for brewing purposes, as there was no demand for such character of rice in Germany.

As to your question about table rices, would say that all of these rices are also treated with paraffin, glucose, mineral oils, etc.; also with indigo and sand, but the sand comes out in the course of separating in different sizes, this being done to conceal the defects of the rices which have been stack burnt and damaged and also infected with worms and weevil, which generate in rice when coming on long ocean distances. Rices in this way are enhanced in monetary value, but depreciated, of course, from a food value standpoint; this same being done to the effect that much of the valued nutriment called "protein" is eliminated in the process of milling.

Besides shipping this rice to the United States, large parcels are shipped to Cuba and Central and South American countries from the mills of Germany, England, and Holland. I would say that rice treated in this way is less liable to become infected with insect pests on the voyage. The people who consume this rice would prefer, for reasons heretofore stated, to get the rice that is not treated, as they are obliged to substitute a food containing the protein which is eliminated.

It would occur to me that on account of the short distances the rices shipped from the United States would be preferred by the countries named above, as rice shipped from the United States would not have to be treated in order to assure its arrival in sound and merchantable condition. The trade of Cuba, Porto Rico, Central and South American countries amounts to double the entire production of this country this year, which is estimated at 4,000,000 barrels of 162 pounds each.

"This," said Mr. Hardy, commenting on this letter to a rice industry reporter, "is highly suggestive of recent packing-house scandals, and it is up to the United States Senators and Representatives from Texas and Louisiana to see that rice of this character should be prohibited from coming into this country when the pure-food bill goes into effect on January 1.

"Our imports of rice for the past twelve months amount to over \$4,250,000, and these shipments are coming in even now when our farmers are compelled to store their rice for want of a market. It would seem that it is up to the irrigation people, farmers, millers, and all people interested in the development of rice to see that a halt is called on goods of this description coming into this country. It should be a warning to them against a repetition of the condi-

tions that prevailed in 1904 and 1905, when for the want of a market at home (due to the fact that foreign contaminated rices were coming into the country) the domestic article, amounting to 200,000,000 pounds, was dumped at such a loss abroad that 200,000 acres of the finest land, fully equipped with canals, pumping stations, etc., were put out of business. This, indeed, is an object lesson and should be the first question to be considered at the next meeting of the Texas Rice Farmers' Association."

Respectfully submitted.

JOHN B. HARDY.

NEW YORK, December 1, 1908.

HON. JOHN DALZELL,
Committee on Ways and Means,
Washington, D. C.

DEAR SIR: Referring to the brief submitted yesterday on the subject of impure foreign rices coming into this country, would further add that from a cost of production standpoint (which, according to my interpretation of a protective tariff, should mean the cost laid down to the consumer) it may be useful to your committee to know that a comparison of freight rates between domestic common milling centers and foreign milling centers shows that the latter have an advantage in rates of freight to the principal consuming or distributing points in this country of at least 75 per cent—meaning that the present tariffs on rice are misleading and do not protect or afford the protection necessary to develop what should be one of the greatest industries in this country. By this I infer that the low rates of freight enjoyed by the foreign millers offset to a large extent the brewing and other purposes the present duty of one-fourth of a cent per pound is entirely nullified. This irrespective of the fact that about 75 per cent of the rices imported for consumption in this country are extraneously treated and in direct violation of the present pure-food law.

The following, regarding the future needs of the rice industry, which appeared in the Rice Industry under date of December 1, 1907, also in the American Economist, may be useful to you in arriving at an intelligent idea as to necessary legislation required by the rice industry:

[From the Rice Industry and American Economist.]

HARD ON RICE GROWERS.

A well-informed correspondent writes as follows:

"The monthly summary for July, 1907, shows the imports of rice (all of which was more or less extraneously treated with deleterious substances and in direct violation of the pure-food law) to be 209,603,203 pounds, valued at \$4,203,146, as against the corresponding period for 1906 of 166,547,957 pounds, valued at \$3,082,203. This, notwithstanding that there are at the present time nearly 500,000 acres of the finest rice lands in the world, fully equipped with canals, pumping stations, etc., now lying idle and capable of producing 1,000,000,000 pounds of the highest-grade rice in the world. It may interest you to know that Cuba, practically at our door, purchased over 2,000,000 bags (200,000,000 pounds) of more or less extraneously treated rices from Great Britain and Germany during the last year, paying for the same good American money.

"Here is one instance of not too high tariff. Also an instance where the tariff needs reinforcing by more stringent pure-food regulations. Cuba buys unwholesome surface-coated rice abroad out of the \$48,000,000 a year which our foolish reciprocity arrangement adds to her stock of money. Free trade with the Philippines products would dump on the American market the yield

of a million or more acres of rice lands worked with labor getting 10 cents a day. Altogether, the rice growers of the United States do not seem to be getting a square deal."

Respectfully submitted.

JOHN B. HARDY.

NEW YORK, *December 3, 1908.*

HON. JOHN DALZELL,
Committee of Ways and Means,
Washington, D. C.

DEAR SIR: As to ways and means of bringing about what should to-day be one of this country's greatest industries, I beg to suggest the following changes in the rice tariff schedule:

Table rice (commercially known in this country as cleaned): That the present duty of 2 cents per pound be increased to $2\frac{1}{2}$ cents per pound (formerly the rate, and which, in my opinion, should not have been changed).

Broken rice: To be increased from the present rate of one-fourth cent per pound to a rate of three-eighths of a cent per pound, which approximately would be equivalent to the former ad valorem rate of 20 per cent—this being calculated on a cost price of 1.7 cents per pound f. o. b. at port of shipment for the past fifteen years.

Relative to the gauge of the wire sieve (commercially known as No. 12) through which the present rices known as "broken" must pass in order to be admitted at one-fourth cent per pound, I would strongly recommend the adoption of a sieve of a coarser mesh, say a No. 10 or 11, thus preventing the foreign miller from using undetectable deleterious and extraneous matters in the process of grinding or granulating in order to make the color of the product look more uniform and thereby conceal the defective properties of the rice, which, I may add, could be detected should a coarser-mesh sieve be adopted.

Rice flour: This product, which was formerly used for brewing purposes, but now being almost used exclusively by confectioners, and on which the present rate of duty is one-fourth cent per pound, should be, in my opinion, increased to three-fourths cent per pound.

Should you so desire, I will submit a copy of a brief, supplemental to an address made by me in the office of the Secretary of Agriculture, covering the methods of treating foreign rices in the process of milling, which will be useful to your committee from a tariff point of view.

Yours, respectfully,

JOHN B. HARDY.

**BRIEF SUBMITTED ASKING FOR INCREASE OF DUTY ON
BREWER'S RICE TO A HALF CENT A POUND.**

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We advocate the raising of the duty on brewer's rice from a quarter of a cent per pound to one-half cent per pound for the following reasons:

We think that if anyone should be protected in this matter it should be the farmer, in preference to the brewer. The brewers make

large contracts for foreign or German rice, and they have a freight rate from Hamburg to New York of about 10 cents per hundred pounds, while the freight rate from Beaumont, Tex., and other interior points in Texas is 30 cents per hundred pounds. The duty that the brewer pays of a quarter of a cent per pound is very nearly overcome by the difference of freight rates on the foreign rice into the United States. The rate on brewer's rice from Hamburg, Germany, to St. Louis, Mo., is 17 cents per hundred pounds, while the freight rate from Texas points to St. Louis on the same character of rice is 20 cents per hundred pounds. Germany imports all of the rice which she mills from Burma, India, where they have no wage scale, but where rice is raised by families and communities, which, taking out what they need for home consumption, is dumped into foreign markets for what it will bring. Germany also prohibits the using of broken rices for making beer, for the reason that it comes in competition with barley and corn produced in their country, rice being a foreign product and not being produced in Germany at all. Hence it is necessary for the German miller to find a market for the brewer's rice that necessarily accumulates in the milling of rice. Therefore, he tries to make a dumping ground of the United States for this product. They deliver the German rice at from \$1.90 to \$1.95 per hundred pounds to the United States brewers.

The breweries of the United States are the ones that use rice for brewing purposes—do not have to have rice in the brewing of beer, but use it as a clarifier in the place of corn and barley. If the rices get too high, they can easily switch to corn, which would be a benefit in creating a demand for our farmers over the foreigner's rice. It would not increase the cost of the beer to the public in the United States. Therefore we ask that the farmer be entitled to this protection.

Very respectfully submitted.

W. P. H. McFADDEN.
JOHN N. SIMPSON.
BURT H. COLLINS.
JOHN C. CHANEY.

PORTLAND RICE MILLING COMPANY, PORTLAND, OREG., SUGGESTS REDUCTION IN DUTY ON RICE.

PORTLAND, OREG., *December 1, 1908.*

Hon. S. E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: In taking up the tariff on rice and its products, it would appear to us that the duties might be reduced without causing the slightest degree of injury to the industry in this country, confined more particularly to Louisiana and Texas.

For some years past the local southern product on some grades of rice has been very nearly as low as similar grades in the Orient, without considering the duty. At the present time the selling price of raw rice at Texas and Louisiana points is lower than the same grade of raw rice in Japan and Korea. It would, therefore, seem unnecessary that such a high rate of duty should be enforced as at the

present time, and, we are firmly convinced, duties on the basis of 1½ cents per pound on cleaned rice, three-fourths cent per pound on uncleaned (termed "brown" rice), one-half cent per pound on paddy, and 20 cents per 100 pounds on broken rice would, without injuring the industry in this country, enable the people of the Pacific coast to secure their product without so great a burden.

Very respectfully, yours,

PORTLAND RICE MILLING Co.,
T. M. STEVENS, *President*.

ROSEBUSHES.

AMERICAN NURSERYMEN ASK PROTECTION FROM HOLLAND-GROWN ROSEBUSHES.

GENEVA, N. Y., *November 20, 1908.*

HON. SERENO E. PAYNE, *Washington, D. C.*

DEAR SIR: We are especially interested in rose growing and trust you will not favor any reduction of the present duty, 2½ cents per bush. The rose competition comes from the Holland growers. Besides the advantage of cheap help, costing about one-half as much as the American growers pay their help, they have a rich, always-moist soil and a hot, summer climate, combinations producing a rapid forced growth, almost the same as the hothouse conditions, and, of course, rosebushes grown under these conditions are soft and pithy and do not succeed well in our dryer climate and soil. The public does not know the difference. The plants are cheap even with the 2½ cents added, and in a large measure they fix the wholesale price in this country.

There are now, as we understand it, nearly 2,000,000 rosebushes imported annually, so the present duty can not be called prohibitive. We would be in favor of adding instead of taking from the present standard. Surely if the present duty is reduced any it will mean that we will be obliged to quit the growing of rosebushes almost entirely, and we trust you will use all honorable means to maintain the present rate if you can not see your way clear to increase same, and we kindly ask your assistance in the matter.

Trusting you will give the above your kind attention, we remain,

Yours, truly,

RICE BROTHERS Co.,
J. P. RICE, *President*.

Letters similar in purport to the above were filed by the following: E. Gill, nurseryman, West Berkeley, Cal.; Clark Brothers, florists, Portland, Oreg.; The H. S. Taylor Nursery Company, Rochester, N. Y.; Schmidt & Botley, seedsmen and florists, Springfield, Ohio; California Rose Company, Pomona, Cal.; The Empire Nursery Company, Geneva, N. Y.; The Leedle Floral Company, Springfield, Ohio; Rosemont Nurseries, Painesville, Ohio.

SALT.

SUPPLEMENTAL STATEMENT RELATING TO THE DUTY ON SALT,
PRESENTED ON BEHALF OF THE SALT MANUFACTURERS OF
NEW YORK STATE.

SCRANTON, PA., December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: To demonstrate the necessity for the retention of the present duty on salt we give you herein, briefly, the general facts, feeling assured that a perusal of our statement will convince you of the justice of our contention.

The existing duty is not an appreciable tax on any consumer, and its removal would result in no lower prices to the consumer.

Salt is about the cheapest manufactured article of commerce, and the average freight rates from salt works and salt mines in the State of New York to the principal cities in the territory naturally tributary to said salt plants are as much as the selling price of salt at the point of production. Average freight rates from salt-shipping stations in Great Britain and the West Indies for the year 1908 to various Atlantic coast ports, and the lowest freight rates from New York State plants to the same ports, per ton of 2,000 pounds, are as follows:

To New York, Philadelphia, and Baltimore:		
From Liverpool—		
Steam	-----	\$1.20
Sail	-----	.50
From West Indies, sail	-----	.80
From New York State works	-----	2.40
To Boston:		
From Liverpool—		
Steam	-----	1.20
Sail	-----	.50
From West Indies, sail	-----	.80
From New York State works	-----	2.80
To Norfolk, Va.:		
From Liverpool, steam	-----	1.00
From West Indies, sail	-----	.80
From New York State works	-----	2.50
To Savannah, Ga.:		
From Liverpool, steam	-----	1.15
From New York State works	-----	2.15
To Wilmington, N. C., Charleston, S. C., and Jacksonville, Fla.:		
From Liverpool, steam	-----	1.15
From New York State works	-----	2.15

NOTE.—The rates from New York State salt-shipping stations to Norfolk, Wilmington, Charleston, Savannah, and Jacksonville are combination rates based on rail and ocean freights. The steam and sail freights given from foreign salt-shipping stations are often 50 per cent less under special charters made with tramp vessels to carry the salt as ballast.

Taking into consideration the fact that about 50 per cent of the selling price of salt is made up of the freight on same, it can readily be seen from the following figures that without a protective tariff the salt industry would quickly be destroyed.

The grades of salt known in Liverpool as common and vacuum salt correspond to the New York State production of common fine and granulated salt, known as fine and coarse barrel salt. The aver-

age present cost of producing this grade of salt in the State of New York is \$2.50 per net ton. The same grade of salt can be bought f. o. b. vessel at Liverpool at \$2.15 per net ton (which gives the English producer a profit), and by adding the steamer freight of \$1.20 and the duty of \$1.60 the salt will cost, delivered at the port of New York, \$4.95 per net ton. Deduct from this price the freight rate from New York State salt plants to New York City of \$2.40, and it leaves the New York State salt producer \$2.55 per net ton for his product, when salt is shipped from Liverpool at the highest rate of freight; but when Liverpool salt is shipped by sailing vessel it would give the New York State producer only \$1.85 per net ton for his product, which is less than the cost of manufacture. The same thing applies to Philadelphia and Baltimore.

If the duty were removed, the New York State producer, in order to meet foreign competition, steamer shipments, would be obliged to sell his product at 95 cents per net ton, and when shipments moved by sailing vessel at 25 cents per net ton f. o. b. works.

As the territory affected, tributary to New York State salt plants, comprises the States bordering on the Atlantic Ocean, and which consume 75 per cent of the salt produced in New York State, the continuation of the industry would be practically impossible in New York State if the present duty is not retained.

At the ports of Norfolk, Wilmington, Charleston, Savannah, and Jacksonville, which are the principal South Atlantic ports, the cost of either grade of English salt is as follows:

	Per net ton.
Cost of salt in Liverpool.....	\$2. 15
Freight and insurance.....	1. 15
Duty.....	1. 60
Total.....	4. 90

New York State salt at the same ports incurs the following freight and insurance charges:

	Per net ton.
Rail freight from shipping point to tide water.....	\$1. 50
Average schooner freight and insurance.....	1. 45
Total.....	2. 95

Deduct this expense from the delivered price of English salt at the same ports and it leaves only \$1.95 for domestic salt at the point of shipment, which is less than the average cost of producing salt in New York State. If the duty of \$1.60 per ton should be eliminated, the result would be \$0.35 per net ton for domestic salt f. o. b. shipping point.

Prices to consumer not affected by tariff.

From information gathered in the past few years, the popular packages for domestic consumption are the 5 and 10 cent sacks of dairy and table salt. The 5-cent size contains 5 pounds of salt, and the 10-cent size 10 pounds. The manufacturer will deliver these packages in carload lots at any railroad station in the United States at a price of \$2.50 per hundred (including sack and freight) for the 5-pound size, and \$5 per hundred (including sack and freight) for the 10-pound size. The producer's delivered price to the jobber and the

retailer's selling price to the customer prove that the duty on salt in no way makes up any part of the cost of the salt to the individual consumer.

From tables compiled in the past, the total annual consumption of salt in the United States, including that used in manufacturing and for chemical purposes, is 70 pounds per capita per annum. The household consumption, which means the salt used in the kitchen and on the table, is 15 pounds per capita per annum.

The duty on this consumption would be as follows:

70-pound consumption.....	\$0.0056
15-pound consumption.....	.0012

One pound of salt will salt 16 pounds of butter, so that the present duty amounts to 1 cent for each 200 pounds of butter. No benefit would result to the farmer from the abolition of the duty, and his cost would in no way be affected if the duty is retained. The trifling differential is absorbed in either case by the middleman.

We might also briefly call attention to the difference in wages paid in the New York State salt-producing districts as compared with those in England:

	New York State.	England.
	Per week.	Per week.
Ordinary labor.....	\$10.50	\$5.00 to \$6.00
Partially skilled.....	19.25	8.00 to 9.00
Carpenters and masons.....	15.00	6.00

The above comparison of wages shows conclusively that the cost of producing salt in the United States is materially higher than in England.

Other arguments could be offered to substantiate our position in this matter, but we feel that the facts above stated are sufficient to convince your honorable body of the justice of our request that the present duty on salt be continued.

All of which is respectfully submitted by

MORTIMER B. FULLER,
President International Salt Company of New York.

SEEDS AND BULBS.

THE AMERICAN SEED TRADE ASSOCIATION SUBMITS SCHEDULES OF SPECIFIC DUTIES.

NEW YORK, December 2, 1908.

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

SIR: At a meeting of the committee on tariff and customs of the American Seed Trade Association, an organization which consists

of the leading seed growers of the United States, as well as seed dealers, held this day, the following preamble and resolutions were unanimously adopted:

Whereas the members of this association are satisfied that the present duties on seeds and bulbs afford an adequate measure of protection to the American farmer and deprecate any radical change in the existing rate of duty on seeds and bulbs; and

Whereas owing to the methods of production abroad there is great difficulty, if not impossibility, in fixing equitably market values in the country of production because there are no open markets or exchanges where they are dealt in from day to day as is the case with many staple products; and

Whereas these conditions which are inseparable from the industry have, in the past, led to great difficulty on the part of the appraising officers of the customs, in some cases to great injustice to importers and to serious inequalities in the administration of the tariff; and

Whereas these undesirable results seem to be inevitable when the duty on seeds and bulbs is assessed on an ad valorem basis: Now, therefore, be it

Resolved, That it is the judgment of this association that all dutiable seeds and bulbs should pay duties on a specific basis; and further be it

Resolved, That we strongly recommend to the Ways and Means Committee the following schedule of duties on seeds and bulbs, which has been compiled on the basis of average values abroad and with the desire to maintain the equivalents of the existing ad valorem rates; and finally be it

Resolved, That it is the sense of this association that whatever duties on seeds and bulbs may hereafter be decided upon, they should be assessed on a specific and not an ad valorem basis.

Respectfully submitted.

WATSON S. WOODRUFF,
President American Seed Trade Association.

J. C. VAUGHAN,
Chairman Committee on Tariff and Customs.

Names of members attending the committee meeting and names of firms represented.

Chas. H. Breck (Joseph Breck & Sons), Boston, Mass.;
F. W. Bolgiano, Washington, D. C.; W. H. Grennell,
Pierrepont Manor, N. Y.; E. V. Hallock, Queens,
N. Y.; Lem. W. Bowen (D. M. Ferry & Co.), Detroit,
Mich.; Wm. H. Maule, Philadelphia, Pa.; Henry
Nungesser (H. Nungesser & Co.), New York City,
N. Y.; Walter P. Stokes, Philadelphia, Pa.; J. C.
Vaughan (Vaughan's Seed Store), Chicago, Ill.;
K. B. White (D. M. Ferry & Co.), Detroit, Mich.;
Watson W. Woodruff (S. D. Woodruff & Co.),
Orange, Conn.

EXHIBIT A.

SPECIFIC DUTIES ON SEEDS, SUGGESTED BY AMERICAN SEED TRADE ASSOCIATION.

	Per pound.		Per pound.
Spinach	\$0.01	Lettuce	.08
Mushroom spawn	.02	Marjoram	.08
Parsley	.02	Salsify	.08
Parsnip	.02	Basil	.10
Turnip	.02	Celery	.10
Beet	.03	Endive	.10
Okra	.03	Cress	.10
Radish	.03	Onion	.10
Carrot	.04	Rhubarb	.10
Pumpkin	.04	Sage	.10
Squash	.04	Wormwood	.10
Asparagus	.05	Balm	.15
Chervil	.05	Hyssop	.15
Corn salad	.05	Pepper	.15
Cucumber	.05	Thyme	.15
Borage	.05	Rue	.20
Dill	.05	Tomato	.20
Melon, water	.05	Catnip	.25
Savory	.05	Martynia	.25
Sorrel	.05	Rosemary	.25
Brussels sprouts	.06	Tansy	.25
Cabbage	.06	Eggplant	.30
Chicory	.06	Dandelion	.35
Collards	.06	Artichoke	.40
Kale	.06	Broccoli	.40
Kohl rabi	.06	Chives	.75
Leek	.06	Cauliflower	1.00
Muskmelon	.06	Peas (per bushel of 60 pounds)	.40
Roquette	.06	Beans (per bushel of 60 pounds)	.45
Saffron	.06	Corn (per bushel of 56 pounds)	.15
Lavender	.08		

Seeds of all kinds not specially provided for in this act, 5 cents per pound.

Free list.

Anise, canary, caraway, cardamon, coriander, cotton, cummin, fennel, fenu-greek, hemp, hoarhound, mangel-wurzel, mustard, rape, Saint John's bread or bean, sugar beet, sorghum or sugar cane for seed, sunflower, bulbs and bulbous roots not edible and not otherwise provided for, all flower seed, clover and grass seeds, vetches or tares: all the foregoing not specially provided for in this act.

EXHIBIT B.

SPECIFIC DUTIES ON BULBS, BULBOUS ROOTS OR CORMS WHICH ARE CULTIVATED FOR THEIR FLOWERS OR FOLIAGE, SUGGESTED BY THE AMERICAN SEED TRADE ASSOCIATION.

	Per 1,000.		Per 1,000.
Oxalis	\$0.25	Narcissus	\$1.50
Crocus	.25	Regonias	1.50
Jonquils	.50	Gloxinias	1.50
Ixia	.50	Colchicum	1.50
Montbretia	.50	Lily-of-the-Valley	1.50
Galanthus (snowdrop)	.50	Astilbe	2.00
Ranunculus	.50	Callas	3.00
Tulips	1.00	Hyacinths	3.50
Chionodoxa	1.00	Lilies	5.00
Freesia	1.00	Dielytra	5.00
Gladolus	1.00	Cannas	10.00
Scilla	1.00	Dahlias	10.00
Irises (bulbous varieties only)	1.00	Paeony	10.00
Anemones	1.00	Amaryllis	10.00

All bulbs, bulbous roots, or corms which are cultivated for flowers or foliage not specially provided for in this act, 50 cents per 1,000.

EXHIBIT C.

[Telegram.]

NEW YORK, *December 3, 1908.*

Mr. F. BOLGIANO,
Seedsman, Washington, D. C.

DEAR SIR: Kindly file with the secretary of the Ways and Means Committee the following: "Hon. Sereno E. Payne, chairman Ways and Means Committee, House of Representatives, Washington, D. C.: The wholesale Seedsmen's League, by its directors, have to-day unanimously adopted the following: *Resolved*, That we heartily approve and indorse the American Seed Trade Association resolutions and schedule for specific duties on seeds and bulbs, dated December 2 and filed this 3d day of December with your honorable committee. Robert Buist, Philadelphia; W. Atlee Burpee, Philadelphia; S. F. Willard, of Comstock Ferree & Co., Weathersfield, Conn.; John L. Hunt, of Jerome Brice Seed Co., Cambridge, N. Y.; Henry W. Wood, of T. W. Wood & Sons, Richmond, Va.; F. W. Bruggerhof and E. E. Bruggerhof, of J. M. Thorburn & Co., New York City; Charles H. Breck, of Joseph Breck & Sons (Corporation), Boston, Mass.; Burnet Landreth and S. Phillips Landreth, of D. Landreth Seed Co., Bristol, Pa.

F. W. BRUGGERHOF, *President.*
 BURNET LANDRETH, *Secretary.*

SOAP INGREDIENTS.

AMERICAN SOAP MANUFACTURERS FILE BRIEF RELATIVE TO TALLOW, COCOANUT OIL, ALKALIES, BORAX, AND OLIVE OIL.

WASHINGTON, D. C., *December 1, 1908.*

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

MR. CHAIRMAN AND GENTLEMEN: We, the undersigned soap manufacturers of the United States, believing that certain items of our present tariff are unnecessarily burdensome and detrimental to the best interests of the soap industry, and having lost the opportunity to appear before your honorable body in person, now beg to submit the following petition and recommendations for your consideration.

These petitions and recommendations are made on behalf of the producers of those grades of soaps which are a necessity to all people of the United States regardless of class, and this petition and these recommendations have been authorized and approved by the undersigned representatives of 75 per cent of the production in the United States after deliberation in convention assembled in Washington, D. C., November 30 and December 1, 1908, for that purpose.

I. TALLOW.

THE PRESENT DUTY OF THREE-FOURTHS OF A CENT PER POUND SHOULD
 BE ABOLISHED.

History.—Tallow is the principal ingredient in the manufacture of soap. When the bill was originally passed creating a duty of three-fourths of a cent per pound it was done with a view to pro-

tecting the interests of our farmers. Since then, however, a complete change has taken place. The slaughtering of cattle and the rendering of tallow to-day are, and for a number of years have been, concentrated in the hands of a few. Years ago there existed numerous tallow renderers in every section of the country, who created competition, but to-day the packers have established branch houses in every principal city of the United States, through which they themselves, either directly or through allied associates, gather up the rough tallow that retail butchers had previously turned over to the renderers, and have to a very large degree shut out all competition and acquired control of the tallow market in the United States. The packers to-day have plants located in Chicago, Kansas City, St. Joseph, Omaha, Sioux City, St. Louis, St. Paul, Los Angeles, Fort Worth, etc., in all of which places they have large rendering establishments. At the time the duty was imposed the tallow was supplied by small tallow renderers and country butchers. To-day the meat markets are obliged to sell their shop fat to the packers at the packers' price, and, on the other hand, the packers make the price of the tallow market for the United States. It would therefore appear that the tallow industry in the United States is no longer dependent upon a tariff upon tallow as a protective measure and that it is an established business, having already a practical monopoly.

Duty on tallow not needed as a protective measure.—This not only appears from a summary of the history showing that the industry is already fully developed, but it also appears from the statistics of the imports and exports of this product. The following table shows the imports and exports for the fiscal year ending June 30, from 1904 to 1908, inclusive:

Fiscal year.	Imports.		Exports.	
	Pounds.	Value.	Pounds.	Value.
1904.....	104,767	\$11,662.00	76,451,165	\$3,801,302.00
1905.....	278,188	16,887.00	63,536,992	3,022,173.00
1906.....	908,259	63,805.00	97,567,156	4,791,025.00
1907.....	424,876	29,925.00	127,857,739	7,182,688.00
1908.....	304,765	23,074.00	91,397,507	5,399,219.00
Total.....	2,020,855	145,353.00	456,810,559	24,196,407.00

From the foregoing figures it will be seen at a glance that we are large exporters of tallow, and this in itself should be sufficient reason for the removal of the duty, and shows that a continuance of the tariff is not necessary as a protective measure.

The tariff on tallow is not a revenue producer.—The continuance of the tariff on tallow can not be justified on the ground that it is necessary as a revenue producer. The following are the statistics of the revenue produced for the fiscal years 1904 to 1908, inclusive:

Fiscal years:	
1904.....	\$785.75
1905.....	2,086.44
1906.....	6,881.24
1907.....	3,181.24
1908.....	2,295.75

An average of \$2,890.23 for the last five years. As this tariff is not needed as a protective measure, and history shows it has not been a revenue producer, it is conspicuous among the items in the tariff schedules which scientific revision should eliminate.

II. COCOANUT OIL.

COCOANUT OIL SHOULD REMAIN ON THE FREE LIST.

History.—Cocoanut oil is now and, as far as we have been able to learn, always has been on the free list. This oil is very largely produced in India, Ceylon, and other foreign countries, and only a very small proportion, and of inferior quality, is pressed on the Pacific coast of the United States from copra imported into this country in part from the Philippine Islands, but principally from other countries. The statement that the proposed tax is intended to encourage the Philippine cocoanut industry is misleading. The Philippine cocoanut industry is not in competition with any of the States of the Union, as no cocoanuts are grown in the United States. Cocoanut oil is finest when pressed fresh from the nut where grown. If there be any real desire to encourage the Philippine industry, the oil should be pressed in the Philippines and the Philippine export duty should be removed. The proportion of oil pressed from Philippine copra is so small as compared with the total volume of the oil used in the United States that it would appear that the use of the term "Philippine Islands" in connection with this question was made for the purpose of clouding the issue. It has been suggested at the hearings before your committee that a duty of one-half to 1 cent per pound be imposed upon cocoanut oil. We have been at a loss to find any sound reason or justification for this proposed change in the schedules with reference to a raw material which bears an important part in the manufacture of certain kinds of soaps. Capital has been invested in developing the soap industry in this country, relying upon the opportunity afforded under our tariff schedules to purchase this ingredient without paying any importation tax upon it. The imposition of a tax upon cocoanut oil would be a great burden and would to a large measure cripple the manufacture of certain generally used and popular grades of American soaps.

Possible explanation of the proposed tax.—There is at present in California a factory engaged in the manufacture of cocoanut oil. The name of that company is the Pacific Oil and Lead Company, which is a branch of the American Linseed Oil Company, which, in turn, is generally known to be controlled by the Standard Oil interests. The imposition of a tax upon cocoanut oil would give to this concern a practical monopoly in this country.

As far as we have been able to ascertain, there is but one small factory other than the one already mentioned which is engaged in pressing cocoanut oil in the United States, and that is also located on the Pacific coast.

It is respectfully submitted that it is not the purpose of tariff revision to place a tariff upon an elementary material now on the free list and used in an established manufacturing business which would in effect create a monopoly in that particular product in the United States. We therefore protest against the taking of cocoanut oil from the free list and the imposition of any tax upon such oil.

III. ALKALIS.

THE PRESENT DUTY OF THREE-FOURTHS CENT PER POUND ON CAUSTIC SODA AND OF THREE-EIGHTHS CENT PER POUND ON SODA ASH SHOULD BE ABOLISHED.

The alkalis used in the manufacture of soap are principally caustic soda and soda ash. Those products are manufactured from lime and salt, and can be and are produced in the United States as economically as in any part of the world, in sufficient quantities to supply the trade. The following figures show the importations of soda ash for the years 1903-1908, inclusive:

	Pounds.
1903 -----	24,683,625
1904 -----	19,563,349
1905 -----	17,930,376
1906 -----	9,527,238
1907 -----	6,745,240
1908 -----	3,959,207

From these figures it appears that the total importation has fallen from 24,688,625 pounds to 3,959,207 pounds. It would appear that the present condition of the trade would lead to discontinuance of importation by foreign manufacturers and that they in the future would confine their markets to their own home territories. This condition is not far removed, but is here now. The result is that the continuance of the duty has one effect, viz, keeping up the price of an article largely used in manufacture, not only in the soap but in other industries in this country, by a fictitious value. The figures above quoted indicate one of two things—either that the manufacturers of alkalis have through their international convention agreed to restrict importations into the United States, in which case the continuance of the tax is unwarranted as merely maintaining a fictitious value; or the figures indicate that the American manufacturers have captured the American market and that the importations have now dwindled so that the tax is nonproductive of revenue and there is no longer any reason for its maintenance.

IV. BORAX.

THE PRESENT DUTY OF 5 CENTS PER POUND SHOULD BE REDUCED.

Practically all of the borax mined and refined in the United States is placed upon the market by the Pacific Coast Borax Company, which at present enjoys a monopoly in this product. Domestic borax delivered in Chicago is to-day quoted at 4½ cents per pound. It is obvious that the present duty of 5 cents per pound is arbitrary and prohibitive. It is impossible to-day to obtain competitive quotations upon foreign borax. As a revenue measure, and also to create a more healthy condition in the market by encouraging competition in the United States, the duty on borax should be reduced at least to 1 cent per pound.

V. OLIVE OIL.

We support the position taken before your committee at the hearing held on the 10th day of November, 1908, with reference to the tax on olive oil, and respectfully submit that olive oil used in the manu-

facture of soaps and other articles of commerce should be placed on the free list as distinguished from edible olive oils, the taxing of which we do not oppose.

VI. AS TO OTHER INGREDIENTS.

It is respectfully submitted that all the essential oils which are now on the free list, including citronella and also palm oil, palm-kernel oil, peanut oil, and also rosin and greases suitable for soap, and caustic potash and carbonate of potash, all ingredients extensively used in the manufacture of soap, be continued upon the free list. They are used in the manufacture of the ordinary everyday grades of soap, which in our civilization may well be called necessities of life.

James S. Kirk & Co., Chicago, Ill.; James Beach & Sons, Dubuque, Iowa; Beach Soap Company, Lawrence, Mass.; The Proctor & Gamble Company, Cincinnati, Ohio; The Fairchild & Shelton Company, Bridgeport, Conn.; Peet Bros. Manufacturing Company, Kansas City, Mo.; William Waltke Company, St. Louis, Mo.; Allen B. Wrisley, Chicago, Ill.; George A. Schmidt Company, Chicago, Ill.; Larkin Company, Buffalo, N. Y.; B. T. Babbitt (Incorporated), New York City; Iowa Soap Company, Burlington, Iowa; J. Eavenson & Sons (Incorporated), Philadelphia, Pa.; A. Hoefner & Sons, Buffalo, N. Y.; David S. Brown Company, New York City; The Christopher Lipps Company, Baltimore, Md.; B. J. Johnson Soap Company, Milwaukee, Wis.; The Standard Soap Company, Berkeley, Cal.; McCaw Manufacturing Company, Macon, Ga.; J. B. Williams Company, Glastonbury, Conn.; Rome Soap Company, Rome, N. Y.; Graham Bros. Company, Chicago; Gowans & Sons, Buffalo, N. Y.; The Cincinnati Soap Company, Cincinnati, Ohio; Enterprise Soap Works, Nashville, Tenn.; Louisville Soap Company, Louisville, Ky.; Detroit Soap Company, Detroit, Mich.; Will & Baumer Company, Syracuse, N. Y.; Schaeffer Bros. and Powell Manufacturing Company, St. Louis, Mo.; Crofts & Reed, Chicago; Prouty Bowler Soap Company, Des Moines, Iowa; La Crosse Soap Works, La Crosse, Wis.; The Minnesota Soap Company, St. Paul, Minn.; Summit City Soap Works, Fort Wayne, Ind.; Manhattan Soap Company, New York City; Hewitt Bros. Soap Company, Dayton, Ohio; Haskins Bros. & Co., Sioux City, Iowa, and Omaha, Nebr.; Disinfectine Company, Canton, Ohio; J. G. Hass Soap Company, St. Louis, Mo.; The Globe Soap Company, Cincinnati, Ohio; Colgate & Co., New York City; Kirkman & Son, Brooklyn, N. Y.; Jones Bros., Brooklyn, N. Y.; E. Schneider & Co., Chicago; The Andrew Jergens Company, Cincinnati, Ohio; The M. Work Company, Cincinnati, Ohio; Lautz Bros. & Co., Buffalo, N. Y.; James Pyle & Son, New York City; Fels

& Co., Philadelphia, Pa.; Day & Frick, Philadelphia; Dobbins Soap Manufacturing Company, Philadelphia; Wm. Dreydoppel's Sons, Philadelphia; Ecker & Co., Philadelphia; Robt. Hamilton & Sons (Incorporated), Philadelphia; Ludwig, Leberman Estate, Philadelphia; P. C. Tomson Company, Philadelphia; Enterprise Mill Soap Works, Philadelphia; Wrigley Manufacturing Company, Philadelphia; Chas. W. Young Company, Philadelphia; W. & H. Walker, Pittsburg, Pa.; The N. K. Fairbanks Company, Chicago, Ill.; A. W. Barnes, Brooklyn, N. Y.

THE CHICAGO ASSOCIATION OF RENDERERS URGE RETENTION OF PRESENT DUTY ON TALLOW AND GREASES.

CHAIRMAN AND MEMBERS WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: It being our understanding that a petition for the removal of the tariff on tallow and greases has been presented and is now under consideration by your honorable body, we, the Chicago Association of Renderers and allied interests desire to submit to your honorable body, the following facts:

1. The removal of said tariff would seriously jeopardize the interests of manufacturers of tallow and greases, which interests are represented by investments aggregating hundreds of millions of dollars.

2. It is claimed that a removal of the aforesaid tariff will result in a corresponding reduction in the price of soap, but this claim is manifestly an erroneous one, for the reason that under the Wilson tariff law the prices of tallow and greases were 60 per cent less than their present value, and the prices of soap were but 15 per cent less.

3. The removal of the aforesaid tariff would necessitate a reduction in the price of fat to butchers, who, in turn, would be forced, in order to protect themselves, to institute a corresponding increase in the price of beef.

4. Tallow and grease values are correlative with the values of cotton-seed oil, and any reduction in the prices of tallow and greases would result in a corresponding decrease in the price of cotton-seed oil.

5. In this country the manufacture of tallow and greases exceeds the demand therefor by approximately 30 per cent, which excess is exported annually. A removal of the tariff would encourage the importation of South American and Australian tallow and greases into this market, which already shows an overproduction.

6. Under the Wilson tariff law the wages of employees engaged in the manufacture of tallow and greases were approximately 33 per cent less than at the present time.

7. South American and Australian tallow and greases are manufactured at considerably smaller cost than in America, and a removal of the tariff would force American manufacturers to reduce wages proportionately in order to be on a competitive basis.

In conclusion we petition your honorable body to consider carefully the interests of the manufacturers of tallow and greases, as

hereinbefore briefly set forth, and pray that no legislation affecting the tariff as now in force be recommended for the reasons hereinbefore enumerated, which we consider only the more vital and important ones.

Respectfully submitted.

The Chicago Association of Renderers; Edwin J. Mayer, president; C. B. Martin, secretary; The Globe Rendering Co., per E. J. Mayer; Darling & Company, per C. A. Alling; Chicago Hide & Tallow Co., Albert Bjorkland, V. P.; John Fitzpatrick Co., J. J. Prendergast, Mgr.; Hine Bros. Company, W. A. Hine, Pres.; The Jno. Scannell Co., by Jno. Scannell; Joseph Lister; Fitzpatrick Bros., John A. Fitzpatrick, Mgr.; Adler & Oberndorf, per M. Adler; Chicago Reduction Co., per C. Turner.

Telegrams and letters were received from the following, indorsing the appeal of the Chicago Association of Renderers: Schoen Brothers, Atlanta, Ga.; Louisville Butchers' Hide and Tallow Company, Louisville, Ky.; McCoy & Best, Peekskill, N. Y.; American Glue Company, Boston, Mass.; Listers' Agricultural Chemical Works, New York City; Rendering and Fertilizer Company, the J. L. & H. Stadler, the Cuyahoga Rendering and Soap Works, the Retail Butchers' Association, Charles Masek Soap Company, the Bucahn Soap Company, all of Cleveland, Ohio; Millenbach Brothers, Detroit, Mich.; Standard Rendering Company, Kansas City, Mo.; Lewis Hopfenmaier, Washington, D. C.; St. Bernard Rendering and Fertilizer Company, New Orleans, La.; H. M. Stanton, Schenectady, N. Y.; Philadelphia Manufacturers of Inedible Tallow and Grease, E. Butler, jr., chairman.

TAPIOCA AND SAGO.

**STEIN, HIRSH & CO., NEW YORK CITY, AND CHICAGO, ILL., ASK
RETENTION OF TAPIOCA FLOUR ON FREE LIST.**

NEW YORK CITY, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We beg leave to submit for your consideration the question of allowing the article "tapioca flour" to remain on the free list. This article is a product made from roots that are grown chiefly on the Island of Java and the Malay Peninsula. It is only during the past five years that it has become an article of importance in the United States. Prior to this time there was great difficulty in making a satisfactory gum for envelopes and postage stamps which would give the proper adhesive qualities. It has been discovered that tapioca flour alone could remove all the objectionable qualities that presented themselves in other raw products which were used for an envelope or postal gum. Not alone was the question of adhesive qualities solved by the use of tapioca flour, but inasmuch as envelopes and postage stamps are almost universally moistened by placing them upon the tongue it was essential that the material used for moisten-

ing the adhesiveness be entirely free from any injurious properties. And as a result gum made from tapioca flour has been produced without the use of acids, alkalies, or other chemicals injurious to health or unpleasant to taste.

During the year 1907 there was imported into the United States about 9,000 tons of tapioca flour. Of this quantity over 5,000 tons were used in the manufacture of envelope or postal gum. Of the remainder over 75 per cent was used in the manufacture of food products, and only a small portion was used as a sizing. In the case of the latter it was discovered that tapioca flour alone could produce a certain size or finish that no other product would give, and therefore some of our cotton mills and finishers have found it necessary to use it in order to produce certain finishes which alone can be obtained from tapioca flour.

Tapioca flour does not compete with any domestic product. There is none raised in the United States, therefore there is no occasion to place a duty upon it.

At your recent hearing on November 18 statements made by the honorable Senator from Maine in regard to tapioca flour being used instead of starch were entirely refuted, we believe, by the arguments of F. T. Walsh, esq., Leo Stein, esq., and others at said hearing.

The price of tapioca flour has remained about 2½ cents per pound during many years, while the price of American potato starch has advanced during the past two months from 3½ to 5 cents per pound, where it is to-day.

Starch imported from Germany and Holland duty paid is selling at about 4 cents per pound and is now being imported in large quantities to replace potato starch. It is clear, therefore, that tapioca flour does not compete with potato starch.

The capital invested in the manufacture of envelope gum and dextrin in the United States is at least double the amount of capital invested in the manufacture of potato starch. If a duty is placed on tapioca flour it will mean the abandonment of factories in which is invested nearly \$1,000,000, as there is no substitute for this particular article.

The only opposition which has appeared against the retention of tapioca flour on the free list was made by one firm who to a large extent sell the output of the potato-starch industry in the State of Maine. We occupy a similar position in regard to the large amount of potato starch that is made in the Northwest. And, while we realize that the starch industry must be protected, we see no connection between it and tapioca flour, and our intimate knowledge through selling both of these products places us in a position competent to judge. There is no argument which has been advanced by the firm referred to that can hold against the question at issue. We beg leave to call your attention especially to the inconsistencies in their statements as presented through Senator Hale. At the very moment when it is claimed that tapioca flour is interfering with the price of potato starch, this very firm is importing Holland or German starch at almost 1½ cents per pound higher than tapioca flour. If tapioca flour can be substituted for potato starch, what reason would there be for an importation of Holland starch at such a tremendous difference in price?

The price of Maine starch, as above stated, is now 5 cents per pound. This is the highest price that Maine potato starch has sold at in many years. The price of tapioca flour has not changed. As a matter of fact, there is no connection between the two products, for if tapioca flour could be substituted for potato starch we should have a price on tapioca flour close to the price of potato starch.

Tapioca flour is becoming an important food product in this country. It not only conforms to the federal food laws, but also to the pure-food laws of every State in the Union. It is essentially a cheap product and does not compete with any article grown here.

Taking this with the fact that it does not compete with any American industry, we respectfully request that the article be left on the free list and no duty be imposed.

Respectfully submitted.

STEIN, HIRSCH & Co.,
358 Washington street, New York City.

**F. T. WALSH, OF THOMAS LEYLAND & CO., READVILLE, MASS.,
SUBMITS SUPPLEMENTAL BRIEF RELATIVE TO TAPIOCA
FLOUR.**

**TAPIOCA SHOULD BE CONTINUED ON THE FREE LIST AND NOT SUBJECTED
TO DUTY AT THE SAME RATE AS STARCH.**

I. Tapioca is only slightly, if at all, competitive with American or any other starches.

(a) The Supreme Court of the United States substantially adopted this conclusion.

See *Chew Hing Lung v. Wise*, 176 U. S., at pp. 158-162.

(b) The American cornstarch manufacturers say they are not interested in having a duty put on tapioca.

See testimony of E. B. Walden, representing Corn Products Refining Company, the largest starch manufacturers in America, before the Committee on Ways and Means of the House of Representatives November 18, 1908.

(c) Experts before the Committee on Ways and Means showed this.

See testimony of Leo Stein and F. T. Walsh before the Committee on Ways and Means, House of Representatives, November 18, 1908.

II. Tapioca is very generally used for food purposes.

If this can not be said to be a matter of common knowledge, it was shown by the testimony of E. E. Gridley and of Joseph Morningstar before the Committee on Ways and Means, House of Representatives, November 18, 1908. Mr. Morningstar, a large importer of tapioca flour, testified that 75 per cent of all tapioca flour imported by him was for food purposes.

III. Potato-starch makers of Maine alone asked at the hearings before the Committee on Ways and Means that tapioca flour be subjected to duty.

See testimony and argument of Senator Hale before Ways and Means Committee of the House of Representatives, November 18, 1908.

IV. Any decline in the Maine starch industry, if there has been a decline, has been primarily because it has been more profitable for Maine farmers to sell potatoes direct to the market than to make them into starch.

See article on potato starch by Dr. H. W. Wiley in Bulletin No. 58, United States Department of Agriculture, Division of Chemistry, published in 1900, in which Doctor Wiley shows when potatoes go above 50 cents per barrel it is more profitable for farmers to sell direct to the potato market than to make them into starch.

See also testimony of F. T. Walsh, quoting letter from a Maine starch manufacturer to that effect.

V. The Maine potato and starch industries, described by Senator Hale as inseparable (see testimony before Committee on Ways and Means, November 18, 1908), do not appear to have been unfavorably affected by free tapioca.

(a) Maine has at least doubled its potato business since the time when tapioca began coming in free, in 1900.

See annual reports of commissioner of agriculture of the State of Maine.

(b) Five years after the decision letting tapioca in free the Maine starch factories had increased their output of potato starch, though the general production of all starches in the whole country had decreased.

See special reports of the Census Office, 1905—Manufactures, part 3, Selected Industries, Table 6, at page 386.

(c) Property valuations of Aroostook County (the seat of the starch industry) appear to have increased steadily since tapioca was declared free.

See annual reports of the state assessors for the State of Maine.

VI. Foreign potato starch, western potato starch, and American cornstarch, and not tapioca flour, have been the competitors of Maine potato starch.

See testimony of Leo Stein before the Committee on Ways and Means, November 18, 1908.

See also article by Robert H. Merriam on "Starch," special reports of the Census Office, 1905—Manufactures, part 3, Selected Industries, page 386.

Compare also relative costs of making potato starch and cornstarch in the United States, as shown by testimony given before the Committee on Ways and Means November 18, 1908.

VII. Temporarily abandoning an unprofitable export trade has been a cause of the decrease in the production of all kinds of American starch since 1900.

See article by Robert H. Merriam, above referred to, at page 383.

See also testimony of E. B. Walden, above referred to.

See also figures showing exports of starch, in Table 7, in special reports of Census Office for 1905, above referred to.

VIII. Though the production had decreased in 1905 from that of 1900, the profits of the domestic starch industry on the amount of capital invested were 50 per cent higher in the latter year than in the earlier.

This appears from examination of figures in Table 1 of article by Robert H. Merriam, above referred to.

IX. With free tapioca flour an important American industry has grown up—the manufacture of envelope gums and gum substitutes. This will be wiped out if tapioca is subjected to duty, unless the duty on British gums and gum substitutes is increased.

See testimony of Leo Stein and F. T. Walsh before the Committee on Ways and Means, November 18, 1908.

The prices of either foreign or domestic potato starch at the present and in normal times are too high to make them available as raw material for the American manufacturer wishing to compete with the imported envelope gums, British gums, and gum substitutes. In consequence, with the present $1\frac{1}{2}$ cents duty continued on all foreign starches and extended to tapioca, and with no more than the present 2 cents per pound duty on British gums and gum substitutes, no possible raw material, either foreign or domestic, would be available to the American manufacturer of envelope gums and gum substitutes to enable him to compete with the foreign manufacturers of high-grade British gums and gum substitutes.

CONCLUSION.

Taxing tapioca flour would have no other result than to raise the price of a well-known food article, raise the price of gums and gum substitutes by eliminating the American competition with foreign products, would put American manufacturers of high-grade gums and gum substitutes out of business, and it is at least doubtful if the domestic starch business would feel the slightest benefit.

ARGUMENT.

Tapioca in all forms should remain as at present on the free list. Being on the free list it would seem that the burden is on those asking that a duty be imposed upon it to prove the economic wisdom of imposing it. What are the arguments in favor of subjecting tapioca to a duty, and by whom are they presented? Mr. E. B. Walden, of the Corn Products Refining Company, has stated in the hearings before this committee that his company, which is by far the largest manufacturer of starch in America, does not ask that tapioca be subjected to a duty, and is not interested in the question as to whether or not a duty be imposed upon it. The only request for a duty on tapioca has been made through Senator Hale, of Maine, representing certain potato starch manufacturers in Aroostook County, Me. Do the arguments presented by Senator Hale fairly sustain the burden of proving that tapioca should be subjected to duty? With reference to the size of the industry, Senator Hale has stated before the committee that the "little" county of Aroostook has grown from 10,000 or 15,000 to 60,000, and that it is dependent upon "this industry, potatoes and starch, and its great industries are these two inseparably connected. You may call it a narrow and small industry, but it is a very vital industry to 60,000 people in Aroostook County. I am inclined to believe that if you do not change this and do not put tapioca with the other starch products, as it ought to be, in the end the importation will practically drive these factories out. All of those processes of destruction are gradual."

There is an implication, also, in Senator Hale's statement to the committee, although the allegation is not direct, that all the importations of tapioca flour, which in a single year amounted to "43,647,731 pounds," have been directly competitive with domestic starches. With what starch business has any such amount of tapioca competed? Mr. Walden has said that it does not compete with cornstarch. As a matter of fact, the lowest price, including freight, at which it is possible to lay down duty free tapioca flour of a good grade in this country is not below the price at which the cornstarch people are glad to sell their product here, and is considerably higher than the price at which they have apparently recently been selling it in free-trade countries. Has this 43,000,000 pounds of tapioca flour, then, taken the place of any domestic potato starch? It was not until the year 1900 that the Supreme Court of the United States, in the case of *Chew Hing Lung v. Wise*, decided that tapioca flour under the tariff act of 1897 was free of duty. In the year 1900, according to the special report of the United States Census Office, the total production of potato starch in the whole United States was 33,941,826 pounds, valued at \$1,129,129. In the year 1905, according to the same reports, the production fell to 27,709,400 pounds, with a value of \$924,476. Assuming, then, that 6,000,000 of the 43,000,000 pounds of free tapioca flour imported did take the place of domestic potato starch, there were still some 37,000,000 pounds of tapioca flour used for other purposes entirely.

But is it true that this falling off in production of potato starch was due to the importation of tapioca flour? Robert H. Merriam, in an article on starch in special reports of the Census Office, 1905, *Manufactures*, part 3, *Selected Industries*, page 383, says: "This general decline is due largely to a falling off in the export trade in American starch, as shown by Table 7." At page 386 he says: "This decrease since 1900 in the quantity of starch exported has been occasioned by the large increase in the manufacture of potato starch in Europe and particularly in Germany and Russia, and a consequent decrease in foreign demand." Table 6, on page 386 of the same report, shows that in Maine, New Jersey, and New York there was an increase in the amount of potato starch made in 1905 over the amount made in 1900, although there is a decrease for the whole country of about 20 per cent. According to the Government's reports, therefore, five years after tapioca flour began to come in free we find the State of Maine making more potato starch than was being made when the duty was imposed on tapioca flour.

Senator Hale has said that the potato industry and the potato-starch industry in Aroostook County are inseparably connected. The potato-starch industry in Maine is undoubtedly dependent on the potato industry, but the converse is not true, and it is not true that the two are inseparably connected. The reason why the starch end of the Aroostook County business may not have been relatively as profitable since 1900 as it was before is found in the fact that the potato end of the business has been much more profitable. With reference to the effect of the price of potatoes upon starch making, Dr. H. W. Wiley, in Bulletin No. 58 of the United States Department of

Agriculture, Division of Chemistry, published in 1900, in an article on the manufacture of starch from potatoes and cassava, says, page 11:

The barrel holds $2\frac{1}{2}$ bushels, and the bushel weighs 60 pounds. Unless the price of marketable potatoes be very low, only the small, injured, or refuse potatoes can be sold to the starch factories. Whenever the price of good merchantable potatoes is above 50 cents per barrel, the farmer finds it more profitable to sell directly to the market. During the time of this investigation good marketable potatoes were selling for \$1 a barrel, and the starch factories were paying from 30 cents to 60 cents per barrel for the refuse.

The investigation referred to by Doctor Wiley in his article was in the year 1899—the year before the decision which declared conclusively tapioca flour free of duty. At that time, according to the report, potatoes were selling for \$1 a barrel. A barrel contains about $2\frac{1}{2}$ bushels. According to the Twelfth Census of the United States, volume 6, Statistics of Agriculture, part 2, table 20, page 354, in 1899 the entire State of Maine had a potato production amounting to 9,813,748 bushels. The price of potatoes even for that year and at a time when tapioca flour was being subjected to the starch duty, was, according to Doctor Wiley, rather too high to make it of advantage to sell potatoes to the starch factories rather than sell them direct to the consumer.

What, then, are the facts as to the history of this potato industry in Aroostook County after the decision of the Supreme Court which let tapioca flour in free?

We have not before us the figures of every year, but in the annual report of the commissioner of agriculture of the State of Maine for the year 1904 we find the following:

More than 17,000,000 bushels of potatoes were raised in that year (1903), the crop being exceeded by that of only three States in the Union. The crop of 1904 was still larger, reaching nearly 20,000,000 bushels.

In the same report for the year 1904, in an article on "The Outlook of the Maine Farmer," we are told that those who are raising potatoes in Aroostook County are "clearing from \$3,000 to \$5,000 per year." In the five years from 1899 to 1904, therefore, after the decision of the Supreme Court which Senator Hale would have us believe is threatening the Maine potato industry with ruin, the potato production in Maine rose from not quite 10,000,000 bushels in 1899 to 20,000,000 bushels in 1904. Since 1904 there is no indication that Aroostook County is in a very rapid decline, nor that even the "gradual" processes of destruction are working. According to the state assessor's reports of the State of Maine, the assessed valuation of property in Aroostook County in 1904 was \$15,000,000; in 1905, \$16,000,000; in 1906, over \$17,000,000, and in 1907, nearly \$19,000,000. We have not the figures as to prices received for potatoes in every year since 1900, but the present (November, 1908) price on Maine potatoes in carload lots delivered in two-bushel bags at Boston is 80 cents to 85 cents per bushel. English, Irish, and Welsh potatoes are quoted at the present time (November, 1908), landed in Boston freight and duty paid, at \$2 to \$2.12 per sack of 165 pounds; German potatoes, \$2.12 $\frac{1}{2}$ on the same amount. At \$2.12 this would represent a price, without duty, of about 52 cents per bushel, assuming the

price of \$2.12½ landed duty paid on a weight of 165 pounds. It is apparent, therefore, that the present price of potatoes has in this country soared far above the limit fixed by Doctor Wiley as that at which it is profitable to make the potatoes into starch, and that after making allowance for freight the foreign price (without duty) of 52 cents per bushel exceeds the limit fixed by Doctor Wiley. Under these circumstances it can certainly be said to be a very questionable economy as to whether or not it is advisable to attempt to frame a tariff for the purpose of encouraging Aroostook farmers to make potato starch during periods when, according to the Government's reports referred to, it can only be made at such a great economic loss.

It would seem that the potato-starch industry in Maine, which, after all, is an industry which is active only two months in the year, and is an adjunct merely to the potato industry, has declined, if indeed it has declined, since 1900, because the potato business has been unusually prosperous.

In view of the fact that the cornstarch people have disclaimed any desire to have tapioca flour taxed, it is perhaps superfluous to comment on the condition of the starch business of the country as a whole. It is interesting to notice, however, that in Table 1 of the article by Robert H. Merriam, referred to above, at page 383, is detailed information furnishing a basis for computing the relative profits obtained from the industries in the years 1900 and 1905. In 1900 the number of establishments was 124, the capital invested \$11,671,567. The cost of getting out the product for that year was made up as follows:

Salaries.....	\$451, 339
Wages.....	1, 099, 696
Miscellaneous expenses.....	700, 277
Cost of materials.....	5, 806, 422
Total cost of production.....	8, 057, 734

The value of the above product was \$9,232,984. Leaving out therefore the cost of marketing this product, which does not appear to be included in the expenses above given, although some portion of it undoubtedly is included in salaries and miscellaneous expenses, the output showed a manufacturing profit of \$1,175,250, or slightly over 10 per cent on the amount of capital invested for that year (1900). For the year 1905 the number of establishments was 131, the capital invested \$7,700,695. The cost of production was as follows:

Salaries.....	\$266, 395
Wages.....	866, 479
Miscellaneous expenses.....	572, 313
Cost of materials.....	5, 260, 854
Total cost of production.....	6, 966, 041

The value of this product was \$8,820,904, leaving a manufacturing profit of \$1,116,863, or a per cent of profit on the capital invested for that year (\$7,700,695) of nearly 16 per cent. It appears, therefore, that although the aggregate value of the product of 1900 was over \$1,000,000 in excess of the aggregate value of the product in 1905, starch makers in the latter year actually received nearly 50 per cent

greater returns on the capital invested in the industry than they did in the earlier year. Some light on the reason for this is thrown by the figures contained in Table 7, above referred to, showing the exports of starch from 1900 to 1905. These figures are as follows:

Year.	Pounds.	Values.
1900	124, 935, 963	\$2, 604, 362
1901	102, 800, 225	2, 005, 965
1902	28, 183, 967	656, 706
1903	27, 759, 509	832, 943
1904	57, 185, 739	1, 340, 282
1905	61, 450, 444	1, 430, 572

The above figures from 1900 are completed by the Report on Commerce and Navigation for 1907, page 758, Table 6, "Exports of domestic merchandise, starches."

Year.	Pounds.	Values.
1906	66, 574, 881	\$1, 490, 797
1907	51, 334, 580	1, 126, 466

It will thus be seen that the falling off in exports in the period between 1900 and 1905 is very nearly equal to the decrease in production, but that in the same period the per cent of profit on the capital invested increased. Capital and labor found it more profitable to sell potatoes in the market than to export starch to Europe.

The use of tapioca flour for laundry purposes is so uncommon as to be practically negligible. Note the language of the United States Supreme Court in the conclusion drawn from the evidence in the case of *Chew Hing Lung v. Wise* (176 U. S., pp. 158-162). The use of tapioca by cotton and finishing mills of the country in sizing cotton goods and thickening colors is only very slightly competitive with potato starch, if indeed it can be said to be seriously regarded as a competitor. In the last six or eight years, however, in addition to the increased consumption of tapioca for food purposes, there has grown up the important business of manufacturing high-grade gums and gum substitutes in this country from this duty-free tapioca.

In the event of a duty being placed upon tapioca, in addition to the householder paying an increased price for food tapioca, the consumers of envelope gum and gum substitutes would pay necessarily a higher price for gums, and, incidentally, unless the duty on British gums and gum substitutes be increased proportionately, domestic manufacturers of those articles would be driven out of business.

Respectfully submitted.

F. T. WALSH,
For THOS. LEYLAND & Co.,
Boston, Mass.

**GEORGE W. TOOMBS, STARCH MAKER, FRANKLIN, IND., WRITES
RELATIVE TO TAPIOCA.**

FRANKLIN, IND., *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Permit me to call the attention of your honorable committee to the following paragraph appearing in the leading daily papers, issue of November 19 of the present month:

Senator Hale, who, as a member of the Finance Committee of the Senate, will have to consider the proposed new tariff bill next March, asked that tapioca flour be specifically included in the paragraph of the tariff putting a duty on starch. Several importers urged that tapioca flour be kept upon the free list, where it was placed under a decision of the Supreme Court.

I assume, sir, that your honorable committee stands ready to hear and consider any valid reason why this duty on tapioca flour should not prevail, and aside from the decision said to have been rendered by the very able and honorable jurists composing the Supreme Court in favor of admitting tapioca flour duty free, as a practical starch maker and superintendent of starch mills, I desire to enter protest against the passage of any measure carrying with it a clause that will put tapioca flour upon the dutiable list without making some exceptions.

That it is a commodity of considerable value I admit; that it can and has been used as a substitute for potato starch in some of the leading textile mills in Eastern, Southern, and New England States I also admit. At the same time, permit me to state positively and from a practical viewpoint that tapioca flour is not starch in the sense that such products are to be taken when manufactured from corn, wheat, or potatoes, it being in its constituent elements, without question, totally unlike in its nature the ordinary starch of commerce extracted from the cereals or roots as mentioned above.

Again, may I assure you that the tuber from which tapioca flour is produced is a tropical plant purely, and can not be produced profitably or safely outside of its natural zone, as has been fully attested time after time in the State of Florida, where capital in abundance, coupled with skill and brains, has always failed, and must ever fail to produce satisfactory results.

If I speak earnestly I speak authoritatively, as long observations of the tuber cassava, from which only the tapioca of commerce is manufactured, convinces the writer far beyond the question of a single doubt that tapioca flour can never be produced within the limits proper of the United States in quantities, or at a cost per ton justifying the attention of the manufacturer or capitalist, hence in your contemplated action you are proposing to bar out from our markets a useful product of commerce, and one that, I repeat, is not starch within the definition of the word as it applies to similar products from any raw material in use in our starch mills, and as a further convincing statement, Webster's definition of tapioca is "A farinaceous food prepared from cassava, a Brazilian plant."

Call, if you please, the beneficiaries of this movement and question them whether or not the tapioca of commerce can be manufactured out of any raw material they are now using, or have ever used. Again, the manufacturers of tapioca flour within its native zone

must, in all instances coming under my observation, produce their own raw material, hence it becomes plain to the observing mind that the output coming into the United States must be small and ever limited, in comparison to the enormous quantity of starch consumed, and if tapioca flour be admitted free; as a controlling or disturbing factor it can not be in justice considered.

Sir, if the benign influence of our protective policy is to be extended for the benefit simply of a single group of American citizens doing business at home, why not in all candor and fairness consider a similar group of American citizens manufacturing tapioca flour within its true zone; and in looking upon the question in the broad sense of equal justice to all citizens of this great republic, wherever they may be found, I respectfully appeal to your honorable committee and to Congress assembled for an act of justice, and when in the wisdom of our national lawmakers the subject of a duty on tapioca flour is finally disposed of, if made dutiable, I trust a clause will prevail giving the manufacturers of tapioca flour upon the island of Cuba the special right to enter the markets of the United States with this particular commodity duty free.

Very truly, yours,

GEO. W. TOOMBS.

**HEYWOOD MANUFACTURING COMPANY, MINNEAPOLIS, MINN.,
ASKS THAT TAPIOCA REMAIN DUTY FREE.**

MINNEAPOLIS, MINN., *November 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Our attention has been called to the contemplated action of the Ways and Means Committee at Washington concerning the feasibility of imposing a tax of $1\frac{1}{2}$ to 2 cents per pound on tapioca flour imported into this country.

Tapioca flour has qualities which make it superior (for the manufacture of envelopes) to potato and corn starch flours which are produced in this country, owing to their tendency to gather moisture and causing the sealing flap to stick down. Naturally the manufacturers of the latter products feel the effect of the importation of tapioca flour and are anxious that it should be taxed. Tapioca is not raised here, and we feel that it is not a competitive article, for we would have to use it even if the tax was imposed. We could not use the domestic products of potato and corn starch, consequently it is a hardship on us envelope manufacturers to pay the advance that would be incurred if the above tariff was imposed.

Sincerely hoping there will be no action taken on this particular article of importation, we remain,

Yours, very truly,

HEYWOOD MANUFACTURING CO.
FRANK HEYWOOD, *President.*

**HEALEY, SEAVER COMPANY, BOSTON, MASS., CLAIM THAT TAPI-
OCA FLOUR IS NOT TAKING PLACE OF POTATO STARCH.**

SOUTH BOSTON, MASS., *December 2, 1908.*

Hon. S. E. PAYNE,
*Chairman Ways and Means Committee,
Washington, D. C.*

MY DEAR SIR: As manufacturers of dextrin and large consumers of tapioca flour, we wish to enter our protest against taking tapioca flour or cassava flour from the free list and assessing a duty on the same, and we also wish to protest the claim of potato-starch dealers and manufacturers in this country that tapioca flour is taking the place of this article.

Below we extend to you our reasons for this protest and give to you the relative value of the use of potato and tapioca with the consumers of dextrin.

DEXTRIN.

For your guidance we beg to say that dextrin is roasted or calcined flour or starch, after the same has been treated chemically.

ENVELOPES.

Some time ago—about the year 1893—the envelope manufacturers in this country adopted the use of tapioca dextrin made from tapioca flour, which dextrin was imported from England and Scotland. Before this time they were using gum arabic for their work. Tapioca dextrin gave to them the desired results. A number of manufacturers at this time tried the use of potato dextrin made from potato starch, as the price of potato dextrin at that time was about 5½ cents per pound and the market price for tapioca dextrin then was 8 cents per pound, and the envelope manufacturers thought that potato dextrin would answer their purpose in place of tapioca dextrin and would result in a considerable saving to them, but they obtained very unsatisfactory results, as potato dextrin is very susceptible to climatic changes, for after it is applied to the envelope it gathers moisture very rapidly in damp and hot climates and causes the seal flap of the envelope to stick down to the body of the same. This is a serious injury to envelope manufacturers, as then the envelopes are practically worthless; so you can readily see that the claim of the potato-starch makers that tapioca flour is taking their trade away for dextrin purposes is erroneous, as it was not a question of price with this branch of trade (envelope makers), as they were paying 2½ cents per pound more for dextrin made from tapioca flour, as the potato dextrin made from potato starch would not give them the desired results.

UNITED STATES POSTAGE STAMPS AND GUM PAPER.

The same general reason as applied to the envelope manufacturers exists with this branch of business.

Tapioca dextrin is now made in this country, and a number of factories have been established here.

SIZING.

In regard to tapioca flour taking the place of potato starch for sizing purposes, we beg to say that tapioca flour will not do the same work as potato starch. Potato starch is used where a penetrating size is required, and where a consumer requires a certain size that will size their goods and still leave these goods in the same degree of thickness as they were before sizing. This is owing to the penetrating powers of the potato starch which goes into the fiber. Now, if tapioca flour is used for sizing for the same purpose a decided thickness of the fiber is produced, owing to the tapioca-sizing qualities not penetrating like the potato starch. A large quantity of potato starch is made into soluble starch or modified starch, which is used by manufacturers of very fine lawns. They use soluble potato starch to give to the lawns a sizing and finishing effect, and owing to the potato starch's penetrating powers it leaves the fine mesh that exists in lawns very clear. Soluble tapioca flour has been tried repeatedly by users to take the place of soluble potato starch for this work, but without success, owing to its thickening and covering qualities, and where soluble tapioca flour is used it covers or fills in the fine mesh of the lawns, which is not what the manufacturers of this grade of goods want. In fact, in all classes of goods to be sized a tapioca flour will not take the place of potato starch, owing to the conditions as explained above.

Potato starch, as you are aware, is made in large quantities in Maine, but the sale of this article is in very few dealers' hands. One dealer in Boston, we understand, sells over 90 per cent of the output of the Maine makers, and it is almost impossible for other dealers in potato starch to obtain supplies from makers in Maine owing to the financial arrangements this concern has with the Maine manufacturers.

We have tried to give you a fair digest of relative value of tapioca flour and potato starch, and know that an injustice will be done us, as well as the users of tapioca dextrin and tapioca flour, if a duty is assessed on this article. Furthermore, it will prohibit the manufacture of tapioca dextrin in this country, as it will give the English and Scotch manufacturers a decided advantage. Even if we were successful in competing with the English and Scotch makers it would add just so much more (providing a duty was assessed) to the cost of the dextrin to envelope, stamp, and gummed paper makers, and would be a decided hardship to them.

Very respectfully, yours,

HEALEY, SEAYER COMPANY,
JOSEPH J. HEALEY, *President*.

Letters similar in purport to the above were received from the following: Transo Paper Company, 148 East Division street, Chicago, Ill.; Illinois Envelope Company, Kalamazoo, Mich.; West Envelope Company, 91 Orange street, Brooklyn, N. Y.; Hesse Envelope Company, 501 North First street, St. Louis, Mo.; Sewell-Clapp Manufacturing Company, 52 South Desplaines street, Chicago, Ill.; Sherman Envelope Company, Worcester, Mass.; New England Envelope

Company, Worcester, Mass.; Chicago Envelope Company, Market and Washington streets, Chicago, Ill.; Buffalo Envelope Company, Buffalo, N. Y.; Columbia Envelope Company, 14 Michigan street, Chicago, Ill.; The American Paper Goods Company, Kensington, Conn.; Union Envelope Company, Richmond, Va.; Centralia Envelope Company, Centralia, Ill.; Powers Paper Company, Holyoke, Mass.; Samuel Cupples Envelope Company, St. Louis, Mo.; United States Paper Goods Company, 221 West Pearl street, Cincinnati, Ohio; the Arabol Manufacturing Company, 100 Williams street, New York City; National Gum and Mica Company, 502 West Forty-fifth street, New York City.

THE MILLVILLE MANUFACTURING COMPANY, PHILADELPHIA, PA., OBJECTS TO IMPOSITION OF DUTY ON SAGO FLOUR.

PHILADELPHIA, *November 21, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: From the daily press, we judge that your committee is considering recommending a duty on sago flour. As consumers, we desire to submit for your consideration such facts as we know from actual experience and which we feel should bear upon the question strongly.

We use about 75 tons of sago flour a year for mixing, with other starchy substances, to stiffen and fill low-grade dress linings. A certain proportion of it is necessary to obtain the mellow feel which our trade demands, and no mixture has ever produced satisfactory results which did not contain that proportion.

Chemically sago is impure starch. Physically it possesses properties which to a textile manufacturer doing our class of work, prevent its substitution for any starch, even with the inducement of the present large saving by such substitution (corn starch, the cheapest, being three-fourths cent per pound more than sago). On the other hand, owing to these same properties, it is impossible to substitute starch for it, even with a greater inducement as you will note from the following:

Under the Dingley tariff a duty of $1\frac{1}{2}$ cents per pound was placed on this article (it was subsequently removed by the courts), but nevertheless we were compelled to use as much as previously, although if we could have substituted cornstarch therefor we would have saved more than the duty, cornstarch then being about $1\frac{1}{2}$ cents per pound, while sago (including duty) was often as high as $3\frac{1}{2}$ cents. Please note that despite the \$3,000 increase which this duty made annually in our operating expenses we were unable to obtain a higher price for our finishing, which on this class of goods is done with a very small margin of profit.

We submit the above to show that for our purposes (and we have reason to believe that most, if not all, other consumers are situated similarly) this article is not a substitute for any commodity which is or can be produced in the United States. and therefore, if a duty is placed on it, same will fall heavily on the small number of manufacturers who are compelled to use it.

For the above reasons we respectfully request that you recommend its retention on the free list.

Yours, respectfully,

THE MILLVILLE MANFG. CO.,
GEORGE WOOD, *President*.

**ARNOLD, HOFFMAN & CO., PROVIDENCE, R. I., ASK FREE TAPIOCA
AND SAGO IN BEHALF OF COTTON MILLS AND BLEACHERIES.**

TAPIOCA AND SAGO FLOUR.

PROVIDENCE, R. I., *November 19, 1908.*

HON. SERENO E. PAYNE,

*Chairman of Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I desire to enter a protest against any duty being placed on tapioca flour or sago flour. The committee is doubtless aware that practically the whole production of cornstarch in the United States is controlled by one company, and that the price of this article is at almost the highest point it has ever reached and seems to stay at the same figure irrespective of the price of corn. The capitalization of this trust is so palpably out of proportion to the amount of money invested that comment on my part is unnecessary. The thousands of consumers of starch in the United States have no alternative but to buy cornstarch should a duty be placed upon tapioca or sago, both of which articles are crude and suffice for low-grade work. Should a duty, therefore, be placed on these commodities the consumer would be helpless and would be compelled to buy cornstarch as the only thing possible to be used.

There is already a duty of $1\frac{1}{2}$ cents per pound on potato starch, which protects a few manufacturers in Maine and in the West, although the duty, in my opinion, represents three times the labor cost in the production of this starch.

Our cotton mills, bleacheries, and print works are laboring under a great disadvantage in competing with England, for instance, for South American and African markets on their print and cotton goods, owing to the fact that the English manufacturer gets his anilines and dyestuffs free, or practically free, of duty, while in this country an average of approximately 30 per cent is imposed.

It is on this class of work that these cheap starches like sago and tapioca are used, and to further hamper him by placing a duty on these products would mean perhaps an added obstacle to overcome in the securing of this business.

It would seem, considering the thousands of miles that sago and tapioca have to be brought to this country, that the freight, leakage, insurance, and other charges would be adequate protection, and I am quite sure that the imposition of a duty on these two articles, which will make possible not only the present unnatural price of cornstarch, but possibly a higher one through eliminating all competition and forcing every consumer to buy that or nothing, would place at a far more serious disadvantage the cotton manufacturers and converters of this country for the benefit of one trust.

I sincerely hope that you will give this matter the most careful consideration, and consider well the thousands of consumers of these products who will be held up by the imposition of a duty for the benefit of practically one trust.

Yours, truly,

WM. H. HOFFMAN,
Treasurer.

Letters similar in purport to the above were received from the following: Lowell Bleachery, Lowell, Mass.; Liondale Bleach, Dye and Print Works, Rockaway, N. J.; L. Littlejohn & Co., 136 Front street, New York City.

VICTOR G. BLOEDE COMPANY, MANUFACTURING CHEMISTS, BALTIMORE, MD., OPPOSE DUTY ON TAPIOCA AND SAGO FLOUR.

BALTIMORE, *November 18, 1908.*

MR. WILLIAM K. PAYNE,
Washington, D. C.

DEAR SIR: We desire to enter our earnest and emphatic protest as large users of tapioca and sago flour against the imposition of any duty on either of these products, which, if done, would be wholly in the interest of the Standard Oil Company, who control the production of cornstarch in the United States, and have been endeavoring for several years past to secure a reversal of the Treasury Department's decision admitting both of these articles of crude material to the free list. Tapioca and sago flour are both products of the East Indies. The manufacture of sago flour has never been attempted in this country, nor is the crude material for producing same available. Tapioca flour has been made in a very limited way in Florida, but is an industry which will never prove profitable or be carried on upon a sufficiently extensive scale to supply a hundredth part of the requirements of the American consumers. The sole object and purpose therefore of the present movement to make sago and tapioca flour pay a duty seems to be to force American consumers to substitute cornstarch for sago and tapioca flour, thus enlarging the market for the former and compelling the American consumers to pay further tribute to this gigantic monopoly, and to use an article which is unfit as a substitute, or at least gives far inferior results. Our firm, as well as several others who are large users of tapioca and sago flour, will be glad to appear personally before your committee and prove the facts to be as stated, and we feel sure that if the true conditions are communicated to your committee they will not be a party to inflicting so great a wrong upon the American manufacturer as the assessment of a duty upon these valuable crude materials for the benefit of a monopoly which already possesses and exercises the power of compelling our citizens to pay exorbitant prices for cornstarch and raise and lower the price on same regardless of market conditions and cost of production.

Respectfully submitted.

VICTOR G. BLOEDE Co.
V. G. BLOEDE, *President.*

TARIFF HEARINGS

**BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES**

SIXTIETH CONGRESS.

FIRST PRINT, No. 32.

SATURDAY, DECEMBER 12, 1908.

**WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.**

COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.

NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
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D. L. D. GRANGER.
JAMES M. GRIGGS.
EDGAR W. FOU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Saturday, December 12, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

STATEMENT OF MR. PETER ZUCKER, OF 645 BROADWAY, NEW YORK CITY.

(The witness was sworn by the chairman.)

Mr. ZUCKER. I wish to call your attention to the fact that I am only an attorney, and appear for my clients.

The CHAIRMAN. Well, I suppose an attorney can tell the truth as well as anybody else.

Mr. ZUCKER. He has been known to do that, I think.

I appear on behalf of the importers—millinery importers—of the city of New York, and I will say that I speak for the eastern importers generally, for the Millinery Jobbers' Association, with headquarters at Chicago, covering, I understand, the entire western territory, and for the larger manufacturers of flowers and feathers of the city of New York.

The CHAIRMAN. What paragraph are you speaking upon?

Mr. ZUCKER. Paragraph 425. That is the only paragraph that I wish to speak upon this morning.

I have said to you that I desire leave to file a brief, which I will do as expeditiously as possible, on quite a few other paragraphs, and the reason I can not speak on that is that it will require expert testimony, and those paragraphs being matters of classification and the information not yet having been furnished me, I will have it in a few days and will send in my brief as rapidly as possible. I refer now to the latter part of paragraph 425, which fixes a duty of 50 per cent ad valorem on artificial flowers and artificial feathers—or, rather, feathers when dressed, colored, or otherwise advanced or manufactured in any manner. The reason I am addressing you as to that is that certain manufacturers of the city of New York some time ago, some few days ago, appeared and urged a change in this paragraph from 50 per cent ad valorem to, I believe, 70 per cent ad valorem. And on behalf of the associations and the people I represent I am here to oppose any increase and to suggest that we desire that the paragraph shall stand as it is. I will briefly give my reasons and my clients' reasons therefor.

The first reason is this: The manufacturers that asked for this increase are manufacturers of the very cheapest grade of flowers. Looking over the list of those who have associated themselves for this purpose I find that, as far as I can make out, about 90 per cent of this entire list are located on the east side of New York City, and

are perhaps 95 per cent Greeks, Italians, and French. Whether these people are naturalized or not I do not know, but they are all foreigners, employing exclusive foreign hands to manufacture the very cheapest grades of flowers and feathers for the very cheapest hat. Of course the committee understands that the flower and feather, the artificial flower and the colored feather, is not used for the decoration of the house, or for any other purpose in the world excepting for the decoration of the hat. This enters into the hat. And there is one article in the world in which every American man is interested, and that is the hat that his wife wears; if there is any article in the world that the man, or the consumer, is interested in, it is the American hat.

When the Dingley bill was passed I think there were very few manufacturers of cheap flowers and feathers. They have increased from, I think, 25 at that time to about 200, and I think 120 are located in New York City. And as I have said, this paragraph, when it passed, enabled these people to put some capital into the manufacture of the very cheapest flowers and feathers; and it has at no time—and this is the point I am trying to get at—prevented the importation of the better grade of flowers not the slightest. And you can put 10 per cent more duty on, 20 per cent duty, 40 per cent, and even 100 per cent, and I do not believe you will prevent the importation of a single flower, and the reason is this: The style for the hat and for the decorations of the hat is set in Paris for the entire world; certainly for the United States. Take the present season of the year, as an illustration. The importers of this country have buyers now in the city of Paris to see what flowers will be needed for the trimming of the hat for the spring season about to come. Many of them have been there for two or three weeks, for a month, and some are just going. The leading milliners of the United States are also there for the purpose of seeing the general shape of the hat.

Now, the committee will understand that the milliners of the United States, the leading milliners especially—all the milliners—get their shapes from abroad. The shape is made over there, it is invented there, if I can use such a term, as well as the decoration of the hat. The milliners here follow that shape. They have not the capital, the means, nor the desire to import the decorated part of the hat, the flower and the feather. That is left to the importers, who have millions of dollars invested in capital in this trade. Now, the question might be asked me, Why can not the manufacturer of the United States prevent the importation of foreign flowers and feathers by putting an additional duty on so that those who manufacture the cheapest grade may also manufacture the better grade? and for this reason: The importer goes over there and sees what is needed for the flower, and the milliner is over there at the same time. He scarcely gets back—the importer—when the milliner here asks for the flower that is used on the hat in Paris. Now, he would not have the time, and it takes the highest skill, the very highest skill, to make some of those artificial flowers and feathers. The people over there have been trained to do it for years. That is one thing. In the next place, it takes about two months to make up the material, and so you see he would not have the time. The milliner wants that particular flower, that particular rose, or that particular pansy, and wants it immediately; and, in fact, before he leaves Paris his importer is

already giving the orders to people there, anticipating, to make them up for the importer. We could not do it on that account.

And there is another reason. The average woman wants the imported flower. The flower that the manufacturer who appeared before you uses is only used on the hat that runs anywhere from \$2 to \$5. Nowhere in the United States—and if any of you are married you will know this—does the \$15 hat or the \$25 hat have anything upon it but the imported flowers. Custom demands it, the women demand it, absolutely, and unless the importer wishes to be dishonest, he has got to give what is asked for.

Now, the importer uses a large amount of capital in manufacture, and many of my clients happen to be manufacturers on a large scale as well as importers. What they can do is to employ capital in the manufacture of some of these imported flowers on repetition orders; that is to say, supposing a certain rose is imported by the importer, and he says that it is going to take in style for a period of some months. He employs high-skilled labor, knowing that he will have a large number of repetitions on this order. He will put a certain force of workmen on the manufacture of this particular rose, because he can afford to take the chances on the repetitions of the order. Even then, I am told, there is a difference in the class of workmanship, so that the finer class of milliners will not take it upon any condition, but insist upon the imported article. The point I am getting at is this: As I said before, no matter what duty you put on this article, I do not think you can keep out a flower or a feather that is wanted by the consumer; and if there is one thing in the world that comes home to every man in the United States—not the richer classes alone, but the vast middle class—it is the article of the hat. The higher duty you put on, the importer will import just the same, because the milliner, through his customers, demands it, and the consumer will simply have to pay the additional duty, and it does not go to the benefit of anybody but the Government, and the consumer will be very, very much hurt. In not the slightest degree would the east side manufacturers, or, pardon me, any manufacturers who manufactures the cheapest grade of flowers, be benefited, but you keep this feather or flower out. He can not manufacture them. The consumer has demanded it, he would have to pay the additional price, and the Government would simply get the additional revenue. That is to say, it would be a useless high tariff put on.

The CHAIRMAN. What are you advocating?

Mr. ZUCKER. I am advocating to let it stand as it is—50 per cent ad valorem. We do not ask to have it reduced.

The CHAIRMAN. It is a pretty good revenue producer. The women are not obliged to buy foreign flowers or feathers, especially in such large quantities as are put on their hats now, for they are so large and have so much upon them that it is difficult to see beyond them. I think the question is largely one of revenue, and incidentally that of sufficient protection, so that our people are getting into the manufacture of them, even in the lower grades; and I think that is a good proposition.

Mr. ZUCKER. Within proper limits I am a great believer in protection myself, but if there is one article in the world where you would not get that protection—

The CHAIRMAN. There is one thing that I can not understand. I know it is true that we import the Paris styles, and have to have these foreign goods, and all that sort of thing; and yet, when I look over a convocation of women in a theater and see the various forms of head-gear used, the different decorations, and all that, it certainly can not be said that they are all made from the same pattern or style.

Mr. ZUCKER. I can explain that.

The CHAIRMAN. I made some inquiry, after we had hearings here, as to the cost of these things when they are imported, and the cost when they come to what Mr. Boutell would say, the "ultimate consumer," and I found that, while the retail trade in some branches makes large profits, yet in the millinery business the profits seem to be exaggerated tenfold or more.

Mr. ZUCKER. There are two millinery houses in New York, makers of hats, who ask and demand and receive from the ultrarich enormous profits. But those are such exceptional cases that it does not enter into this controversy at all. The vast middle class who do not buy \$200 and \$300 hats—and that is what some of these millinery people ask, and probably make 500 per cent profit—but the vast number of milliners that I speak of now sell the moderate priced hat for \$15, \$20, and \$25. When you get away from those three prices, you are getting to a price that does not enter into this point at all, because those higher priced hats, those tremendously priced hats, are imported direct by the ultrarich, who do not go to the American milliner at all. Those hats are not made up by the American milliner, and no orders are given to them. I do not suppose that 1 per cent of the female population—2 per cent—buy anything of that kind. But it is the \$15, the \$20, and the \$25 hat upon which these flowers and feathers go; and if you put an additional duty on, you do not stop the importation of one flower or feather, not one. I assure you of that.

Mr. CLARK. If that is true, what difference does it make what the tariff is?

Mr. ZUCKER. It is the consumer who would have to pay it. If it makes no difference, why not put on 100 per cent?

Mr. CLARK. That is what I am understanding you to argue.

The CHAIRMAN. Why would not 60 per cent be better than 50 per cent? It would increase the revenue of the Government, would it not?

Mr. CLARK. But here is the way of it: It does not make any difference whether a man is a free-trade man or a high-protective man, or what he is, we have got to have revenue. You say that it does not make any difference what the tariff is on high-priced things, that they would come in anyhow.

Mr. ZUCKER. That is my opinion.

Mr. CLARK. If a woman is able to pay \$200 for a bonnet, she does not care a snap what is on the bonnet.

Mr. ZUCKER. She imports the bonnet direct; she does not buy it in this country.

Mr. CLARK. Does she not have to pay tariff on it?

Mr. ZUCKER. I am not speaking of bonnets or hats. I am speaking of flowers and feathers named in the paragraph upon which we are paying a duty of 50 per cent, and on which an increase of duty has been asked.

Mr. CLARK. Who asks for an additional tariff?

Mr. ZUCKER. Certain manufacturers of the city of New York.

Mr. CLARK. Well, they would come in, anyhow, would they not, for nobody but the rich use them?

Mr. ZUCKER. The ultra rich are not affected by this at all, but it is the poorer classes—the poorer classes who buy a \$10 hat.

Mr. CLARK. I thought you were speaking of the ultra rich.

Mr. ZUCKER. I am not speaking of them at all; you are mistaken about my argument.

Mr. CLARK. If it will make the bonnets cheaper to the common people, I am in favor of cutting the tariff down.

Mr. ZUCKER. The common people—the very poorest—will buy the \$5 hat.

Mr. CLARK. The very poorest will do nothing of the sort.

Mr. ZUCKER. Pay more?

Mr. CLARK. They pay less.

Mr. ZUCKER. Oh, no.

Mr. CLARK. The bulk of hats sold in the United States do not cost \$2.50.

Mr. ZUCKER. My dear sir—

Mr. CLARK. I do not know very much about what they wear in New York, but I know what they wear outside of New York.

Mr. ZUCKER. Very well.

Mr. CLARK. Have you any proposition to make that will cause them to be cheaper?

Mr. ZUCKER. No; we could not make them cheaper; you could not possibly make those hats cheaper. If you put any duty on it, you would not make them cheaper.

Mr. CLARK. Suppose you take the duty off?

Mr. ZUCKER. Then you could not manufacture any flowers in this country at all.

Mr. CLARK. Then you can not do anything here without the tariff. Is that it?

The CHAIRMAN. If you take the duty off, will hats cost just as much?

Mr. ZUCKER. Hats would cost just as much; yes; and that is one of the reasons—you see, I am in a peculiar position. The importers that I represent now would be glad to have free trade, but I represent a large number of manufacturers whose capital is infinitely greater than those people who appeared before you and asked for an increase. And my clients, the manufacturers, say that they think the duty is about right; it enables them to make the cheapest grade of flower for the poorer classes, which they could not do; but if you added to the duty it would not enable them to make any cheaper flowers, nor in any greater quantity. They have no idea why the increased duty should be put on; they can not see; the larger manufacturers can not see anything in it.

Mr. CLARK. Do you propose to increase the duty?

Mr. ZUCKER. Not I. I am simply appearing here because a few days ago certain manufacturers from the east side of New York—I think the greater part; I don't know just where they are—came before this committee and asked that paragraph 425, which now fixes a 50 per cent ad valorem duty, should be increased to 60 or 70 per cent; and my clients, the larger manufacturers and the importers, do

not feel that that is right nor that it should be done. And it is on that point that I have been arguing—to leave it as it is.

I do not know that I shall take up any more time.

The CHAIRMAN. We will look into the matter carefully, and, so far as I am concerned, if 60 per cent would bring in any more revenue than 50 per cent, I would be inclined to vote for 60 per cent.

Mr. ZUCKER. Then, you would simply make the middle-class people pay that.

The CHAIRMAN. The only argument against it would be that the trade relations are fixed at 50 per cent, and it would have to be readjusted.

Mr. ZUCKER. Yes; there is a large stock of goods on hand, and it would make quite a difference in values.

Mr. CLARK. I understand you are an attorney, not a manufacturer. Do you really know anything about this hat and feather business itself?

Mr. ZUCKER. I don't know; you might question me to see.

Mr. CLARK. Well, take a hat that costs a woman here at retail from \$5 up to \$20. Where do the trimmings come from? Are they foreign made or American made?

Mr. ZUCKER. Take the \$5 hat; it is American made. But the moment you get over the \$10 hat, then it is foreign made.

Mr. CLARK. Everything below \$5 is American make?

Mr. ZUCKER. Not everything. Odd to say, the very cheapest stuff, the stuff that goes on a \$1.50 and a \$2 hat, also comes into New York. That is made by hand in Italy and France, and by such cheap labor that you can not keep it out. When you get to the hat which sells for from \$3 to \$5, I should say that it had American stuff in it. But when you get above \$10 to \$15 and \$20, then the statistics show that the great middle class—I do not know how to term them any other way, but I am referring to the men who get \$1,200 a year to \$5,000 a year—I think their wives buy all the way from \$15 to \$25 hats, and those are made of the foreign flowers and feathers. Those women want them themselves; they insist upon it, and we can not make them for reasons that I gave before and do not want to go over again and explain.

The CHAIRMAN. Is Mr. Jacob Young here?

Mr. COLLET. I presume he must have lost his train last night.

The CHAIRMAN. Then, Mr. Collet, we will hear you.

STATEMENT OF MR. JULES AUGUST COLLET, OF No. 1198 PACIFIC AVENUE, BROOKLYN, N. Y.

(The witness was sworn by the chairman.)

Mr. COLLET. Mr. Chairman and gentlemen of the committee, I ask to be heard on behalf of the labor people of this particular industry. At first, I wish to place before you the interests of the working classes in this industry. I believe that I am qualified to do so, for the reason that I have been born and brought up in the business. I ran my father's factory from the age of 14 to 21, and from 21 I ran it myself up to a few years ago, at which time the present duty of 50 per cent drove me out of business. At that time I employed more help than any other manufacturer did in those days, or even to-day. I employed upward of 400. There is not to-day a manu-

facturer of artificial flowers or fancy feathers who employs that number of help. But under the duty of 50 per cent I could not keep up again, and I am an expert in the business, positively.

Mr. CLARK. Do you want more tariff put on, to hold it where it is, or do you want to take the tariff off?

Mr. COLLET. I come here to plead for more tariff, gentlemen, and to give you some truthful reasons for it.

Mr. CLARK. What are you advocating—a higher tariff?

Mr. COLLINS. Yes.

Mr. HILL. As I understand it, in this and in a large number of industries of a somewhat similar character we can compete, and do compete, on the lower grades. On the higher grades we can not compete, and there is no manufacturer of this and other articles in this country of the fine high grades. Now, supposing they were classified so that the duty of 50 per cent possibly was reduced below a certain amount to a smaller percentage and increased above a certain amount to a higher percentage. I would like to know what, in your judgment, would be the effect on the industry, and as to the revenue also?

Mr. COLLET. It is impossible, and I speak as an expert, to classify any flowers or fancy feathers. You can not separate them.

Mr. HILL. As a matter of fact they are classified by the fact that we make some of them here and others we can not make; so that they are classified naturally.

Mr. COLLET. I must contradict the previous speaker in regard to that.

The CHAIRMAN. Why can you not classify them?

Mr. COLLET. Impossible; and I must contradict the previous speaker.

The CHAIRMAN. Perhaps I misunderstood you, but I understood you to say that the present duty had injured your business.

Mr. COLLET. Yes.

The CHAIRMAN. The duty under the McKinley Act of 1890 was the same—50 per cent. Under the Wilson Act of 1894 it was reduced to 35 per cent, and then it was increased again by the Dingley Act to 50 per cent?

Mr. COLLET. I know; I was before you twelve years ago.

The CHAIRMAN. Then, the present duty could not have ruined your business.

Mr. COLLET. No; and I can give you many reasons for it, and make truthful statements. I was a large manufacturer and keeping mostly all imported goods. I was able to bring in manufactured goods by saving traveling expenses, railroad expenses, selling to the importers and the large jobber, at \$1.60 for a dollar's worth of foreign goods—in other words, it costs the importer \$1, and then 50 cents for freight and insurance—about \$1.60—and I tell you I was able to compete with them. In the first place, I used American ingenuity to produce my goods, and being in Brooklyn I was able to employ help in this way: During my greatest career in business I would get girls coming out of school, 14 or 15 years old, and they would give two months' free service as learners. After eight weeks they commenced to earn from 25 cents a week up to \$2 a week for eight weeks. They worked sixteen weeks before they got \$2, and so on. After that they were put on piecework; but to-day I want to say that you can not do that.

The CHAIRMAN. When was it that your business was profitable or prosperous?

Mr. COLLET. I made it a little bit prosperous during my period of nineteen years, and by working eighteen hours a day.

The CHAIRMAN. I understood you to say that some calamity had come to your business; when was that?

Mr. COLLET. That showed itself in 1899 and 1900.

The CHAIRMAN. Just after this bill was passed. Since then you have been very prosperous?

Mr. COLLET. Since that time I have been out of business, sir.

The CHAIRMAN. Out of business?

Mr. COLLET. Yes, sir.

The CHAIRMAN. What was it that struck you in 1899 and 1900? What was the matter?

Mr. COLLET. My inability to compete with the foreign grades, created by the cheap help.

The CHAIRMAN. The duty was raised from 35 per cent in 1894 to 50 per cent in 1897, and your greatest difficulty seems to have come on with the higher duty?

Mr. COLLET. Yes, sir. I got out of business in 1900, and that took place a year or two previous to that.

The CHAIRMAN. I am afraid something else besides the tariff interfered with your business.

Mr. COLLET. No, sir.

Mr. CLARK. Did you not go out of business because you had gotten too rich to stay in it?

Mr. COLLET. No. In my career of nineteen years—my wife and myself started with a \$5 bill—but we got out of business in the neighborhood of between \$40,000 and \$50,000 of maximum money, and that in the nineteen-years' career, and having produced in this country these articles with no other money put in and with only experience and good products.

Mr. CLARK. But you made money enough to retire on, was not that it?

Mr. COLLET. If you call that retiring; yes.

Mr. CLARK. Well, I would like to have \$50,000 to retire on myself.

Mr. COLLET. But I did not come here for this purpose. I came to show you where a 70 per cent duty will not create a loss to the importer beyond the maximum of one-third of the present imports.

Mr. DALZELL. Are you in business now?

Mr. COLLET. No, sir.

Mr. DALZELL. You do not do anything at all now?

Mr. COLLET. Well, I do a little real estate business, about all a man can do after he is out of his profession.

The CHAIRMAN. You may go on and show us what you want.

Mr. COLLET. I want to show you, gentlemen, that if you place a minimum duty at 70 per cent that no more than one-third of the present imports will be manufactured by the present manufacturers, because 70 per cent is not sufficient to produce the rest. The present import value is six millions, round numbers. They had trouble in the last three years, and if you will look up the statistics the imports will show the present condition, but it ran from two millions up to six millions, round figures. If you reduce the imports one-third, or \$2,000,000, it will leave you four millions, and at 70 per cent that

is \$2,800,000, which, taken from the revenue of \$3,000,000 leaves a deficit of \$200,000. Now, if you permit the domestic manufacturers to produce that \$2,000,000, maximum, worth of importations, goods costing \$1 in any part of Europe and sold at \$2 in America, and with 50 per cent duty, then there is a profit of not more than 8 or 9 per cent.

The CHAIRMAN. You referred to goods costing \$1 in any part of Europe and sold by the importer at \$2 here.

Mr. COLLET. Therefore \$2,000,000 of reduced importations would create \$4,000,000 additional home production.

The CHAIRMAN. That is true without regard to the tariff? The tariff is only 50 per cent. That would make them sell for \$1.50, and you say they sell at \$2.

Mr. COLLET. Yes; on a tariff of 50 per cent. They are sold at \$2 on the dollar invested. If you decrease the importations, which is the maximum possible under the duty of 70 per cent, you will therefore create a home production of \$4,000,000. We would consume out of that \$4,000,000 \$1,633,000 in materials. Half of those materials only are imported. All of our raw material pays a duty of from 50 to 60 per cent; hence the raw material pays more duty, and has all the time, under any tariff, than the finished product. If we manufactured this \$4,000,000 worth consumed, then half of the \$1,633,000 of manufactured product would give you a revenue at 50 per cent of \$408,250, which, in connection with the previous deficit of \$200,000, would leave a net profit of \$208,250 under present conditions.

Now, another thing: If while you are protecting the manufacturers and the workers you want revenue, let me suggest to you that in this paragraph 425, as it is written, flowers and feathers are two distinct articles, just as much as a coat and pants; one makes one and one makes the other. That is, there is not to-day a flower manufacturer who makes feathers. They are compelled to make fancy feathers, for the reason that if they did not do that they would be idle three or four months in the year. I used to close my factory three months in the year under the 50 per cent tariff, while the importers would go to the other side and place orders at the lowest possible price on that side—the foreign orders. I offered to give the importers the production of my factory, three or four hundred hands, for four months in any one year, charging nothing for myself, nothing for my wife at the head of the factory—and other help—just at the cost of materials and labor, and I could not get the orders from them. They still would go on the other side. Now, what I want to say is, that if you want to raise revenue for the Government, you will find that if you protect this manufacturer—I suggest to you that here is an article compared to diamonds—suppose you were to raise the duty on diamonds 15 or 20 per cent; they must come in. The ostrich feather is a foreign production, and it must come in. You can raise the raw material, the feathers, 20 or 30 per cent, and the lady will pay more for the feathers. It is the same kind of an argument that Mr. Littauer made before this committee a few weeks ago, where he said that the girl up in his town would buy the feather anyhow and go without lunches for a month. Now, here is a style; Dame Fashion creates something that is manufactured and supplied to our ladies, and which they desire. And on behalf of the laboring, the strictly laboring class. I want to say this, and I want to be

clear in the suggestion that I make to you, that I am not in any way representing any manufacturer, or anybody else, but myself—excepting the laboring class of people generally. Your tariff has created a prosperity; there is no question about that. It has created an opportunity for labor which years ago got \$2 a week, then \$4, then \$5, and \$6, and on up.

The CHAIRMAN. I understood you to say at the outset that you had girls working at 25 cents a week to commence with, and they got up to \$2 a week. Is that true?

Mr. COLLET. Positively.

The CHAIRMAN. Do you know where else you can get labor as cheap as that?

Mr. COLLET. No, sir; excepting in Europe. Not here.

The CHAIRMAN. Can you get it in Europe?

Mr. COLLET. I understand they do.

The CHAIRMAN. Twenty-five cents a week?

Mr. COLLET. Well, no.

The CHAIRMAN. And from 25 cents a week, by diligence, they get up as high as \$2 a week.

Mr. COLLET. It takes time to make a flower maker. It is not a thing that you can pick up in five minutes. When one girl gave five or six weeks to learn, when I got out of business, and for two or three years before that, where I had to give a girl \$2 to start, where a few years before she worked two months, then dropped back to six weeks, then one month, then two weeks, and then no week at all, to start. Under the present conditions to-day, with the increase of prosperity, everybody wants more pay; the labor people want it, and they get it. Girls want more pay than they ever have been getting.

Now, the importations in 1894 were \$2,156,000. In 1905 they were \$4,000,000, in round numbers. From 1905 to 1908 they have increased to \$6,395,000. The cause of that was the foreigner keeping our manufacturers out in certain things, where our labor, our girls, would not work in the industry for what the manufacturers could afford to pay.

Mr. FORDNEY. What did you get out of the business for; because the tariff was not high enough?

Mr. COLLET. It just drove me out. In the last two years I simply made ends meet, and then I had to strain myself.

Mr. CRUMPACKER. You sold your business, didn't you?

Mr. COLLET. No; I have my tools to-day. I just closed up.

Mr. CRUMPACKER. You say you have your tools yet?

Mr. COLLET. I have them and anybody can buy them for 5 cents on the dollar.

Mr. CRUMPACKER. If you got a duty of 70 per cent on flowers and feathers, would you go back into the business again?

Mr. COLLET. It is not likely.

The CHAIRMAN. How long did it take you to accumulate that \$50,000 that you spoke of?

Mr. COLLET. I started in with a \$5 bill on the 4th of June, 1882.

The CHAIRMAN. You accumulated \$50,000 when you retired?

Mr. COLLET. I retired nineteen years afterwards.

The CHAIRMAN. Did these girls who received 25 cents a week and on up to \$2 a week have the same bank account?

Mr. COLLET. I paid my girls in Brooklyn when they came and started to work, on piecework, the same prices that they paid in New

York City, the same prices that prevailed all around. I want to tell you right here that I made creations in that business that if I had gotten a patent on I would have made just the same. I made things nobody else could produce and can not produce to-day.

Mr. DALZELL. If you are not in this business now, and do not want to go back into it again, what is your interest in the tariff?

Mr. COLLET. My interest is a general interest in American prosperity.

The CHAIRMAN. Especially the laboring girls?

Mr. COLLET. Yes; and I like to see the girls well dressed, and they do dress better to-day than they did years ago. And I want to call your attention to the laboring classes—the hardships—that in any industry you couldn't employ help the whole year around in this business, or eleven months in the year, and that is one reason why they do not like to go into it. The mothers came to my factory and told me that as I had to lay them off so long they would not go into it. It is hard for a girl to change her profession every year.

Mr. HILL. You started these girls in at no compensation at all for the first month, is that it?

Mr. COLLET. I am talking of twenty-five or twenty-eight years ago.

Mr. HILL. I understood that at the beginning you started the workers in as apprentices without pay for a certain time, then small pay for a certain time, and then subsequently they were made pieceworkers.

Mr. COLLET. Yes, sir.

Mr. HILL. After the girls had learned the trade, what would they earn weekly at piecework—the average of your workers?

Mr. COLLET. After their first year they would earn from five to seven dollars a week. In the second year they would earn up to \$9 a week, and in the third year \$12.

Mr. HILL. Is this a factory product in Europe, or is it a domestic product—a home product—that is, is it called a domestic industry or a factory industry? Is it made in the homes of the people or in the factories?

Mr. COLLET. The major part is made in factories in Europe. They have small factories at different points along the railroads, making certain things.

Mr. HILL. What is the total consumption of the artificial flowers and feathers in the United States?

Mr. COLLET. The total imports will show \$12,000,000, while the manufactures are \$6,000,000—\$18,000,000 in round numbers.

Mr. HILL. Of artificial goods?

Mr. COLLET. Of artificial goods. That is at the factory price.

Mr. HILL. Do we make the fine class of these goods, and do we compete in the open market with the foreign importations upon the high-grade goods, such as would go on a \$40 or a \$50 hat?

Mr. COLLET. No, sir; we do not make them here.

Mr. HILL. Why?

Mr. COLLET. We make a trifle in this way: The milliner wants a certain flower, and the importer has not got the exact color. He comes and asks us to make the flower, and he will pay any price we ask, just the same as you would if you wanted a special decoration for your room.

Mr. HILL. Then the high-grade goods are imported and the cheaper grades of goods are manufactured here. Isn't that about the size of it?

Mr. COLLET. By our American ingenuity we have practically created a new kind of goods, something that is showy and something that requires very little labor, and there is a certain characteristic demand for these goods.

Mr. HILL. That is just what I wanted to get at. High-class goods that require a high grade of labor and an increased amount of labor are imported, while the low class of goods requiring a lower amount of labor is manufactured. Is there no way, in technical terms, by which the line can be drawn in the tariff bill?

Mr. COLLET. It is totally impossible.

Mr. HILL. I think we ought to get the revenue on what we can not manufacture.

Mr. COLLET. You make it general; you can not make it specific.

Mr. HILL. Is there any staple market price in Europe for these goods, or does each manufacturer fix the price according to his success in developing something that meets the popular taste?

Mr. COLLET. That is what it is.

Mr. HILL. There is no specific market price for these artificial goods like there is upon gloves or boots and shoes or clothing or anything of that kind; it is a fancy product which meets a fancy price or else is of no value?

Mr. COLLET. That is right. Take my brother, who is in the business to-day with 35 hands at the most; he produces in one year over 400 different styles, with only a little bit of a manufactory, and with only 35 hands at the most when they are busy. He creates over 400 different styles in one year.

The CHAIRMAN. If these goods are held past the season, they are of no value, generally speaking, are they?

Mr. COLLET. They are of value with few exceptions. They are kept in stock.

The CHAIRMAN. Why do the milliners of the country sell out their stock on hand at cost price at the end of the season?

Mr. COLLET. If you have such things as shoe laces in boxes containing grosses, and so on, they are solid goods, and they are left on the shelves. But if you have broken boxes, and the milliner has a few flowers, this and that, they are sold out cheap. The goods in stock are imported goods, and with very few exceptions are very good. The feather importer buys continually and accumulates a stock. This year he sells a certain stock, next year another, and next year another. In the course of ten years he has sold everything. As to the flowers, there is very little valuation. When the style changes, they gradually change. Once in a while they get a spurt of certain articles, and if it wasn't for that the manufacturer would not exist. There was one season when we doubled our prices on account of a very heavy demand for only six weeks, when anything could be sold, any colors, but that was only momentary. One employer would offer a girl \$6 a week, while another would say, "If you come to me I will give you twenty." But it did not last but a little while.

Mr. CRUMPACKER. How are these flowers invoiced?

Mr. COLLET. By the dozen or the gross.

Mr. CRUMPACKER. Do you not have a graduated ad valorem tax on grades where they are worth less than so much per dozen—that is, the tax would be 40 per cent—where they are worth between certain high points, and 50 per cent, and still above that?

Mr. COLLET. No, sir; because that would be most unfair. It is on its actual ad valorem. In the fine trade there are some roses costing \$6 or \$8 a dozen. There are two or three grades of roses, when they are fashionable, that can be sold to the bon ton, while in two weeks that same line of custom might purchase one of the so-called "cheap articles" of the importer. Take the forget-me-nots; they are sold for between 35 and 40 cents, imported, while I have paid as high as 60 to 75 cents to make them. But the trade might require that article. That trade might consume on the \$45 hat those 35 to 45 cent articles—

Mr. CRUMPACKER. Are artificial leaves made a specialty?

Mr. COLLET. There is in this country to-day no leaf manufacturers. The minute you create you bring the manufacturers back to the old-time specializing. That is the greatest secret of manufacture, to specialize. When I had two or three hundred help employed, on 50 per cent of that help the work would be changed three or four times a day.

Mr. HILL. I would like to ask the other gentleman who appeared just before you did a question or two, if you are through.

Mr. COLLET. As to your desire of two weeks ago, I will leave the brief which is intended to be part of this argument.

(Following is the brief filed by Mr. Collet:)

NEW YORK, *December 10, 1908.*

MEMBERS OF THE COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: The manufacturers of artificial flowers and fancy feathers in the United States, representing an industry composed of over 200 manufacturers, 6,000 employees (principally females), a capital investment of \$2,000,000, respectfully petition your committee to recommend a revision of section 425 of the present tariff, pertaining to artificial flowers and fancy feathers.

Our contention is that this class of merchandise should be subject to a duty of not less than 70 per cent ad valorem, instead of 50 per cent ad valorem, for the following reasons:

First. In forming the Dingley bill there must have been some misconception as to the proper rate of duty for artificial flowers and fancy feathers in placing them under a 50 per cent ad valorem duty, when articles that are certainly of the same class and character are all subject to a 60 per cent ad valorem duty, as, for instance:

Schedule B, sections 95-96. China, crockery, earthenware, cut glass, etc.

Schedule C, section 179. Braids, laces, trimmings made wholly or in part of tinsel wire.

Schedule J, section 339. Articles of cotton, curtains, bed sets, corsets, flouncers, handkerchiefs, embroideries, trimmings.

Schedule K, section 369. Women's and children's dress goods.

Schedule K, section 370. Clothing and articles of wearing apparel.

Schedule K, section 371. Fringes, cords, nets, buttons, dress trimmings, etc.

Schedule L, section 390. Articles of silk, veilings, laces, braids, gloves, trimmings, wearing apparel, etc.

Schedule N, section 408. Trimmings and all articles made wholly or in part of beads.

Schedule N, section 434. Jewelry.

Schedule N, section 459. Pipes and smokers' articles.

As articles of luxury artificial flowers and fancy feathers should be subject to a higher rate of duty than is placed on the aforesaid articles, both for purposes of revenue and protection. Had flowers and feathers been listed at 60 per cent it would have added, during the operation of the Dingley bill, the handsome additional revenue to the Government of \$4,000,000, without in the least placing an extra burden upon the American consumer.

Second. The materials used in making artificial flowers and fancy feathers are subject to a duty of not less than 50 per cent ad valorem, in most instances 60 per cent or more, hence the duty on materials is greater than on the manufactured article, and the materials used constitute 40 per cent of the value of the finished article.

Principal materials used are silk fabrics, silk velvets, velveteens, medium grades of cotton fabrics, dutiable as per Schedule L, paragraphs 308, 386, 387.

Third. An increase in duty on artificial flowers and fancy feathers would not reduce the Government's revenue, as the following figures will show: From June, 1894, to June, 1895, the importations of artificial flowers and fancy feathers amounted to \$2,156,557. The duty at 35 per cent produced a revenue of \$754,795. From June, 1907, to June, 1908, the importations amounted to \$6,395,233. The duty at 50 per cent produced a revenue of \$3,197,617.

An increase in duty, even though it should tend to reduce the steady increase in importations, would, on the present basis, result in an increased revenue to the Government, as following example will show:

Example in round figures.

Present importation value	\$6, 000, 000	
Revenue therefrom		\$3, 000, 000
Maximum possible reduction, one-third	2, 000, 000	
Amount subject to 70 per cent duty	4, 000, 000	
Revenue therefrom		2, 800, 000

Apparent deficit	200, 000
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General statement: Goods valued at \$1 abroad are sold at a cost of \$2 in America.

Two million dollars reduction in importations would create \$4,000,000 additional home production. One million six hundred and thirty-three thousand dollars of this home production would be materials.

One-half of this material is foreign and subject to minimum duty of 50 per cent, creating a revenue of	408, 250
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Net increase in revenue	\$208, 250
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The \$4,000,000 increase in home production would mean an expenditure for labor amounting to \$1,100,000, which averaged at \$8 per week would furnish steady employment to at least 2,500 additional workers.

We contend the reduction in importation will not exceed 25 per cent, and that the calculation of one-third above cited is for the guid-

ance of your committee and should be considered by you only as the extreme possibility. In evidence hereof we call attention to the statistics shown below, operating under an increase tariff from 35 to 50 per cent from 1895 to 1908, showing the increase importations of 200 per cent, as against the increase of home production of 50 per cent.

Statistics of importations taken from custom-house records.

From June 30, 1894, to June 30, 1895.....	\$2, 156, 557
From June 30, 1895, to June 30, 1896.....	2, 711, 002
From June 30, 1896, to June 30, 1897.....	2, 850, 825
From June 30, 1897, to June 30, 1898.....	3, 022, 442
From June 30, 1898, to June 30, 1899.....	2, 756, 080
From June 30, 1899, to June 30, 1900.....	2, 297, 025
From June 30, 1900, to June 30, 1901.....	2, 122, 746
From June 30, 1901, to June 30, 1902.....	2, 940, 341
From June 30, 1902, to June 30, 1903.....	2, 660, 255
From June 30, 1903, to June 30, 1904.....	2, 590, 449
From June 30, 1904, to June 30, 1905.....	2, 516, 730
From June 30, 1905, to June 30, 1906.....	4, 018, 352
From June 30, 1906, to June 30, 1907.....	5, 130, 083
From June 30, 1907, to June 30, 1908.....	6, 395, 235

The selling value of these importations is double the cost as here shown.

The domestic industry can not furnish exact figures, but the following is a fair estimate, computed on reliable information gathered from the manufacturers at present engaged in this industry:

Number of manufacturers.....	200
Total value of annual production (about).....	\$6, 000, 000
Number of employees.....	6, 000
Amount of wages, per week.....	\$8 to \$10
Amount of wages paid per annum.....	\$2, 300, 000
Amount of material used per annum.....	\$2, 500, 000
Amount of fixed charges.....	\$600, 000
Average profits, subject to bad accounts.....	\$600, 000

Please note imports have trebled from 1905 to 1908, due to American prosperity, which created an advance in salaries, which domestic manufacturers could not meet, thus favoring imports.

Fifth. The cost of these goods is less to the American consumer to-day, under a 50 per cent duty, than it was in 1895, under a 35 per cent duty, for this reason: The present tariff has made it possible to establish manufacturers in America able to compete with foreign manufacturers on some articles, and compelled the latter to quote the lowest possible prices to American buyers.

In order to employ their help constantly during the dull season from May till November, the foreign manufacturers accept orders from American importers at prices very much lower than they receive from buyers in their home market and on the Continent.

It is therefore self-evident that any reduction of the present tariff on artificial flowers and fancy feathers would prove destructive to the home industry, giving the foreign manufacturers control of our market, and they would then undoubtedly arbitrarily raise their prices to the American buyers.

Sixth. A higher duty would influence the placing of advance orders in America instead of Europe, thereby providing steady employment for the entire year to a greater number of workers at the present or better wages. Place a higher duty on the imported goods

in this line and you will give the home industry an impetus which will result in the employment of thousands of workers at good wages in addition to those now engaged, practically creating a new working force in America, as the making of artificial flowers and fancy feathers requires skill and dexterity, as all work is by hand. The employment is clean, healthful, and artistic. The employees are mostly females, earning from \$8 to \$10 per week, working fifty-two hours per week.

Seventh. The scale of wages in this line in Europe is less than one-half the scale of the American labor.

Eighth. Rents, fixed charges, and other expenses in America are more than double those existing in this line in Europe.

Ninth. Modern methods of transportation have brought the American market in closer touch with the foreign manufacturers and rates of transportation have been reduced.

Tenth. Owing to the nature of the business, no trust or combination can control the industry. Anyone with a small capital and knowledge of the business can start a factory. No large fortunes have been made in the home industry by any concern.

Eleventh. We particularly request that all cartons, packing cases, etc., be included in the dutiable charge, because we manufacturers must supply the same to our customers. The importers use their boxes and cases for reshipment. Fifty per cent duty on cartons and cases averages fully 7 per cent on the goods contained therein, and if given to the importer the consumer will never receive it. (The item is too small when it reaches the consumer.)

Twelfth. We leave to your consideration the effects and purchasing powers of an additional \$1,100,000 paid to wage-earners (not now paid), and also the wages paid out of \$816,250 of home products, which we, as manufacturers, must purchase if you give us 70 per cent duty. This we base on being able to produce maximum, one-third of present imports. As a further revenue, it is fair to state that as population increases so will imports proportionately.

In conclusion permit us to emphasize the fact that the artificial-flower and fancy-feather manufacturing industry in America is only partially developed. If your committee will adopt the suggestions briefly outlined herein and recommend a higher rate of duty on the imported goods in this line, you will be instrumental in developing the American industry to a high state of efficiency, thus placing same on a more equitable competitive basis with foreign manufacturers, whose great weapon of competition is free material and cheaper labor. Do this, gentlemen, and by your action you will make it impossible for the foreign manufacturers to control the American market to the detriment of the American consumer, the home industry, its present and future employees. It is a most worthy cause and one that will meet with the hearty approval of every true American.

Respectfully submitted.

THE ASSOCIATED FLOWER AND FANCY FEATHER
MANUFACTURERS OF AMERICA.

We cheerfully offer ourselves to render your committee any further assistance you may desire.

(Kindly address all communications in care of Edward Lavanoux, president, 51 West Third street, borough of Manhattan, New York, N. Y.)

**ADDITIONAL STATEMENT OF MR. PETER ZUCKER, OF 645
BROADWAY, NEW YORK CITY.**

(The witness was previously sworn.)

Mr. HILL. Do we manufacture directly in competition upon all these lines of importations which are shown in the statement?

Mr. ZUCKER. We do not.

Mr. HILL. Will you try to explain the difference between where competition does come into the United States and where there is no competition?

Mr. ZUCKER. I will try. I am not a manufacturer, but only an attorney; but it so happens that I am related to one of the largest importers in the United States, perhaps the largest, who is also a large manufacturer. I have been in Paris and watched the purchases, and upon one thing, before the gentleman sits down, I want to take issue with him—

Mr. HILL. But I wish you would answer my question.

Mr. ZUCKER. We can never, as I am given to understand, go into competition with Europe upon the finer grades of goods, and for this reason, and I will touch upon it again: We do not originate the stuff. That is the whole thing in a nutshell. Until we can originate the stuff and get the American milliners to take our hats, and not look to Europe, we will never be able to compete with them. That is the whole thing in a nutshell. That is an inexorable fact. We have got to import, we always will import, until you change the styles here, and originate them here.

Mr. HILL. That is, if we originated the style, and followed it. Is there a sharp distinction drawn between what we do manufacture and what we import?

Mr. ZUCKER. Absolutely. We manufacture nothing but the cheapest grades of goods, and we import the high grades. Not alone the higher grades, but the better grades, because I make a distinction between a \$200 hat and a \$2 hat.

Mr. HILL. Are there technical terms that describe those two different classes of goods, or is it simply a question of production only?

Mr. ZUCKER. It is not either one or the other, in my opinion. You take a real fine rose—it is called a rose, but I do not know exactly what name you would give it—but when that rose comes here, if we say it is going to be the style, the manufacturer who has capital will put his workmen on it; imitate it as closely as he can, because he feels that it is going to be the style, and that he can compete. But the original imported article can not be secured in any other way, and I do not think there is any way of classification.

Mr. HILL. In the importation of this rose, which may be of double value to-day, what it would be next year, or, say, last year—

Mr. ZUCKER. Next year they have no value.

Mr. HILL. How is the valuation fixed by the Board of Appraisers?

Mr. ZUCKER. Upon the cost price abroad.

Mr. HILL. Is it the cost price, or an arbitrary valuation price, according to the fashion?

Mr. ZUCKER. There is no arbitrary over there. When this gentleman stated that he had dealers over there fix arbitrary prices, he states what I regret to say—he is mistaken about it absolutely. There is not a difference of a cent. That is absolutely a fixed price.

Mr. HILL. Fluctuation in value comes with the retailer and not with the manufacturer—the wholesaler.

Mr. ZUCKER. Precisely, and the wholesaler over there has his fixed price as much as here. There isn't any difference. It is when you get to the retailer, and pay a fancy price—but that is in the extreme cases only.

Mr. HILL. Is there any way by which we can get any more revenue out of this compulsory import?

Mr. ZUCKER. If you put a compulsory revenue on it.

Mr. HILL. What would be the effect of increasing the duty, would it reduce the importations or bring us more revenue?

Mr. ZUCKER. I do not think you would decrease the importations the slightest; that is my belief.

Mr. HILL. Would it increase the importation of the cheaper grades if we reduced the duty on that classification?

Mr. ZUCKER. Do you mean reduce the 50 per cent?

Mr. HILL. Yes; on articles below a certain value.

Mr. ZUCKER. Then you would bring in the cheapest grades again.

Mr. HILL. If we increase the rate of duty, it would not decrease the high-priced importations?

Mr. TUCKER. No, sir.

Mr. CRUMPACKER. It would not protect the American manufacturer?

Mr. ZUCKER. Not at all.

Mr. CRUMPACKER. Because they do not come in competition?

Mr. ZUCKER. No.

Mr. DALZELL. If it were possible to employ two different rates of duty, one on the low class of goods and one on the high class of goods, would you not think that advisable?

Mr. ZUCKER. It would be, but it can not be done.

Mr. DALZELL. Suppose you were called upon to make a tariff after that fashion, imposing one rate of duty on the high class of goods and another on the low class, how would you do it?

Mr. ZUCKER. I say that it can not be done. I would not know how.

Mr. RANDELL. Is not an ad valorem duty different?

Mr. DALZELL. Certainly. Is there not a difference between these two grades of goods measured by their value? Is not there some point where the high class of goods begins and the low class of goods ends in value?

Mr. ZUCKER. I do not think so. I told you how they make the cheaper grades. They put on all of their cheapest labor.

The CHAIRMAN. There are hundreds of different articles that come in under this schedule. There is on an article of this value so much duty, and on another article above that so much duty; it would be impossible to go into detail.

Mr. ZUCKER. That is right.

The CHAIRMAN. Do you agree with the statement that \$20,000,000 worth of these goods are made in this country? How many do you say?

Mr. COLLET. I said \$18,000,000 worth.

Mr. ZUCKER. My clients alone have about \$26,000,000 invested in this industry. I do not know what their sales are.

Now, one of the things that I was going to say is this: I believe that 75 per cent of those engaged in manufacturing these goods in

the United States do not ask for this increase. It is only the cheapest, and the smallest in capitalization; nearly all foreigners. And this gentleman here, Mr. Collet, hears what I say—those that employ the cheapest girls and pay the cheapest wages; those are the manufacturers who ask for this increase.

The CHAIRMAN. Is there an active competition amongst the manufacturers here?

Mr. ZUCKER. No; except among the cheaper grades. You take the higher grade of manufacturers, and they can only manufacture on repetition orders. For instance, a man is over there now buying for the house, and he says that a certain forget-me-not is going to be the style. He will buy that in large quantities. He sends over some of it right away to his house and he says, "I believe you can take chances on that and manufacture it." But even then we can not manufacture any great amount, because the high-grade skilled labor of Europe that has been developed perhaps for centuries, from father to son—they are not in this country. And then we can not afford to keep these all the time, because we do not know until the repetition orders come in how much work we will have. But we take the chance and manufacture it. We can sell perhaps to certain milliners who get crowded for orders and can not get the article fast enough from Paris. We can manufacture to a certain extent. We do not enter into the competition with the cheap manufacturer—do not touch that article at all. He only makes the very cheapest article with the cheapest labor, and how it is going to even help him, to increase this duty, in spite of what he says, I can not see.

The CHAIRMAN. In your opinion, is the entire duty added to the price by the domestic manufacturers of these goods, the equivalent amount?

Mr. ZUCKER. I can not answer that exactly, because I do not think I have technical information enough. But I do not think it is; but that is only an inference on my own part.

The CHAIRMAN. Is there such a competition in this country that he can not add the whole of the duty?

Mr. ZUCKER. I can not say. I do not represent any of those cheaper manufacturers.

The CHAIRMAN. I did not mean them, but I mean the manufacturers you do represent.

Mr. ZUCKER. They add, I think, the entire duty.

The CHAIRMAN. But that is only a matter of opinion?

Mr. ZUCKER. That is only a matter of opinion.

The CHAIRMAN. You have no personal knowledge?

Mr. ZUCKER. No.

Mr. BOUTELL. Have there been any charges of undervaluation in the admission of these high-class imported flowers, feathers, and fruits?

Mr. ZUCKER. I have not heard of anything of that kind in years—not for years. I have had a friendship with Mr. Stranahan, and I have discussed that subject with him more or less, and I do not think there has been any attempt on their part at all.

Mr. FORDNEY. Where are those goods made abroad—in what country?

Mr. ZUCKER. Both Italy and France. The better grades all in Paris.

Mr. FORDNEY. By whom is the market value of these goods made, by the importer, the expert from abroad?

Mr. ZUCKER. He fixes the cost price; he sells at a certain price. Our importer takes those goods to the American consul at Paris, who issues the original invoices. On that it is done.

Mr. FORDNEY. That is only since this so-called "German trade agreement" has been adopted. Has that always been the case?

Mr. ZUCKER. I understand that to be the case. I know it has been the rule for twelve years in my personal experience.

Mr. FORDNEY. That is, fixed abroad, and not by our Board of Appraisers?

Mr. ZUCKER. They have nothing to do with it, and have not had in twelve years. My personal experience does not extend back of that.

Mr. HILL. Are these what are called "sweat-shop goods?"

Mr. ZUCKER. I would only be speaking from hearsay upon that.

Mr. HILL. I did not mean to use that in an offensive way.

Mr. ZUCKER. I can only say in regard to that that they have the cheapest girls. I do not represent them, but the higher grade of manufacturers do not do anything of that kind. They have to pay higher prices.

Mr. HILL. Where are the factories that you represent located?

Mr. ZUCKER. What I would call on the better or the west side of Broadway. I do not want to use an offensive term in regard to that, but what I mean is along Broadway, near Houston street, and along there, where the rents are higher and the character of the stores is better.

Mr. HILL. But where are the factories located that you represent?

Mr. ZUCKER. The major part of them have them right above their importing houses.

Mr. HILL. Then they are right there on Broadway?

Mr. ZUCKER. On Broadway. He will have his store on the ground floor, and his factory on the three floors above.

Mr. HILL. Who is the largest manufacturer in this line in the United States?

Mr. ZUCKER. I should say of the better grade, Mr. George Legg, of New York City. And, by the way, he personally stated to me that he did not want any increase in this duty, and looking at it from the broadest point of view, he did not ask for a decrease, because there were so much goods on hand.

Mr. HILL. Is he an importer as well as a manufacturer?

Mr. ZUCKER. An importer and a manufacturer; in fact, the majority of these people are. The people who have the largest amount of capital invested in this business are both importers and manufacturers.

Mr. HILL. As a matter of fact, they import, and if the style catches on they go to work and duplicate it here.

Mr. ZUCKER. That is all they do. They can not originate it; they do not dare to do that; they do not know what will be in vogue next season.

The CHAIRMAN. The remedy is to originate the style here?

Mr. ZUCKER. That is what they try to do. The reason that that trade has increased is because of the prosperity; the women buy more hats than they did before, that is all.

Mr. FORDNEY. They have more money with which to buy them?

Mr. ZUCKER. Yes; and they want better hats.

ADDITIONAL STATEMENT OF MR. JULES A. COLLET.

(The witness was previously sworn.)

Mr. COLLET. I wish to contradict my friend, politely, who has just sat down; but when he speaks to you as representing the importers and manufacturers, gentlemen, that is not true. That is plain English, but I can prove it. He represents simply the importers. Mr. George Legg, who he just mentioned, is the largest importer in the United States and has been for years. Mr. Zucker, this gentleman's cousin, has been one of my biggest customers for years, a man that I have done a great deal of business with on the basis of \$1.60 to dollar goods on the other side. Now, as to the entering of goods in undervaluation: I would not like to commit myself criminally, but I can assure you that I did know of it. I had been in Europe with a friend of mine and my wife thirteen or fourteen years ago, and we purchased five or six hundred dollars' worth of goods to bring home of the small manufacturers, and it was offered to us right away as to how much it could be undervalued. That was a plain, common, everyday thing at that time. There was a charge made to the custom-house by two importers a few years ago—you gentlemen can get hold of it, and I do not want to mention any names here, because I have it from hearsay and therefore I do not want to commit myself. But when this man says that I represent the poorest manufacturers, the cheapest labor, it is not true. The class of manufacturers that he has described to you does not amount to 2 per cent of the manufacturers, very little people, who work in their homes and make little specialties of fruit or grain that this schedule covers. I will give you some names here. Who is Mr. Lavanoux? Mr. A. W. Mass & Co., one of the best manufacturers, a man who can copy anything that is imported. I will give you some names: Max Herman, of Broadway; Guerin & Lavanoux, 51 West Third street; New York Flower and Feather Company, of Wooster street; A. T. Williams, Washington place; Lehman Brothers, Broadway and Third street; A. W. Mass & Co., 3 Bond street, New York; Meuer, on Great James street; Mr. Fletcher; and David Silva, 625 Broadway.

I do represent the manufacturers. I represent a class of manufacturers that will produce \$100,000 worth of goods, and who do import \$5,000 to \$15,000 worth of goods—

The CHAIRMAN. So you stated at the outset.

Mr. COLLET. I want to say to you gentlemen that the reason why the importer only produces what he has to is because once a month he runs short of color that he uses in his factory and he can not get the imports quick enough. Now, as to the style. My own styles, created in this country, and other manufacturers' styles, have been taken by his cousin and by other importers. We can create here just as well, and the class of goods he says we can not make is the class of goods that we make the most of, as a matter of fact, the average-selling, popular goods. When he says we only make the cheapest goods in this country, when roses sell from \$1.50 a gross up to \$9 a dozen—

The CHAIRMAN. You may have three minutes more, Mr. Collet.

Mr. COLLET. I do not want to touch anything more, particularly. In conclusion, I want to say it is a very important matter, and I trust

you will consider it, regardless of the \$18,000,000 worth of business here. It is more vital than many other of the largest schedules, because this has a labor-giving capacity. Take belts, for instance. Our million dollars' worth of goods may take four times as much labor as a million dollars' worth of belts. I invite any of you gentlemen to prove any of my statements in two hours' time in New York City.

STATEMENT OF MR. WILLIAM H. BOWKER, OF BOSTON, MASS.

(The witness was sworn by the chairman.)

Mr. BOWKER. I represent the American Agricultural Chemical Company, of New York. I am a director in that concern, and we manufacture fertilizers. All plant food, the fertilizing material, under the old bill has been admitted duty free. I am referring to paragraph 569, reading "Guano, manures, and all substances used only for manure"—they all come in free of duty, which, I think, is a wise provision, because they supply fertility. We have admitted all plant foods free of duty, because they are supposed to and do build up the soil. There is one chemical, however, manufactured here as a by-product named "sulphate of ammonia," which carries a duty of three-tenths of a cent a pound, or \$6 per ton. I suppose you know, gentlemen, that the essential ingredients of a fertilizer are nitrogen, potash, and phosphoric acid. Nitrogen is sometimes called ammonia.

Mr. UNDERWOOD. Are you talking about what is called sal ammoniac?

Mr. BOWKER. I am talking about sulphate of ammonia. Sal ammoniac is chloride of ammonia, and it is used in producing electricity. We bring into this country, I think, between 30,000 and 40,000 tons of sulphate of ammonia.

Mr. HILL. Where does it come from?

Mr. BOWKER. Chiefly from Great Britain. We produce—I do not know the figures, but probably 40,000 to 50,000 tons in this country.

The men who are interested in producing this sulphate of ammonia are the steel men, the men who manufacture coke. It is a by-product in the manufacture of coke. It is also a by-product in the manufacture of gas from coal, and that which is manufactured in the manufacture of gas is very largely now liquefied and used in refrigerating plants, and not turned into sulphate of ammonia. It is my opinion, gentlemen, that the duty should be removed, because sulphate of ammonia is entering very largely into the production of fertilizers. I suppose you are all familiar with what Sir William Coke has written concerning nitrogen, the need of nitrogen in the production of food; and more particularly the need of nitrogen in the production of wheat. And sulphate of ammonia is one of the articles that carries nitrogen, and we want it; we want to use it in fertilizers, and if the principle is right to admit other chemicals which enter into the production of fertilizers, then it should apply to sulphate of ammonia. You will see, gentlemen, that there is an injustice here, in one way. Mixed fertilizers containing sulphate of ammonia can be brought in duty free, but if we bring it in as a raw chemical, we have to pay a duty on it.

Mr. DALZELL. Are raw chemicals used for other things than fertilizers?

Mr. BOWKER. To a limited extent.

The CHAIRMAN. The principal use is for other purposes, excepting fertilizers?

Mr. BOWKER. No; the principal use is for fertilizers.

The CHAIRMAN. There are immense quantities of sulphate of ammonia produced in this country. Isn't it far in excess of the demand, or is it?

Mr. BOWKER. Oh, no, indeed. We brought in last year—

Mr. DALZELL. Nearly \$2,000,000 worth.

Mr. UNDERWOOD. How much is produced?

Mr. BOWKER. I do not know.

The CHAIRMAN. I know that a number of years ago they threw it away and did not use it at all.

Mr. BOWKER. I know they did. The demand now for fertilizers has increased so rapidly that we are utilizing everything that we can get.

The CHAIRMAN. Mr. Bowker, sulphate of potash, although there is a specific duty of 20 per cent ad valorem put on it by that name in the tariff, comes in free of duty under this paragraph that you have cited, because it is used as a manure; but they make this distinction—the section under which it comes in at 20 per cent—because other foreign products are used in the manufacture. Is there any way you could distinguish, if the committee should so decide on sulphate of ammonia? It should not all come in free of duty if used for manufacture, but is there anything in the nature of the article that could be distinguished?

Mr. BOWKER. Not unless it should be denaturized—put a little odor into it, or something of that kind. But I think the amount that is used for other purposes is growing relatively smaller.

The CHAIRMAN. Of course, if it is a by-product and we are importing \$2,000,000 worth a year, aside from its use as ammonia, there is some argument there in favor of taking the duty off.

Mr. CRUMPACKER. The imports last year were 65,230,000 pounds of sulphate of ammonia, and the ad valorem duty is 11 cents a hundred.

Mr. BOWKER. It is stated in the schedule as three-tenths of 1 cent per pound.

Mr. CRUMPACKER. That is the specific duty. The amount is equivalent to 11 per cent ad valorem.

Mr. BOWKER. Now, I wish to tell you the way in which it affects the business, if I may go into the technicality of it, and I will try to be brief.

The CHAIRMAN. It is a by-product upon coke and the manufacture of gas.

Mr. BOWKER. Yes; wherever coal is destroyed or converted those gases are caught, or the liquors are caught. In the trade we deal in ammonia; that is, we buy and sell ammonia.

We buy and sell ammonia in the market by the unit. For instance, to-day the quotation may be \$2.50 per unit. Sulphate of ammonia carries 25 units—that is, 25 per cent—of ammonia. The duty of \$6 per ton increases that cost 24 cents per unit. Now, if the market price to-day of organized ammonia is \$2.50, with the duty taken off

sulphate of ammonia the price would be 34 cents less—that is to say, that taking off the duty would influence the price per unit of ammonia in the market. Now, as I said, the men in this country who are particularly interested in this article and from whom you ought to hear, and of course whom you will consult, are the men who produce ammonia, as well as the gas people, who produce it as a by-product, and also those who produce and sell aqua ammonia and anhydrate or liquid ammonia. The other men who are indirectly interested, and whom, perhaps, you ought to hear, are, of course, the men who produce by-product made from the slaughtering of animals, called tankage. In this I refer to the renderers who are getting by-products from the market and taking out the grease.

The CHAIRMAN. And the soap makers?

Mr. BOWKER. Yes, sir. That is dried and converted into what is known as tankage or dried blood, which is a large part of the fertilizer. These men are indirectly interested, because if you reduce the price of ammonia and reduce the duty there will be more of it coming in and of course naturally it will depress the price of these organized ammoniates.

The nitrate of soda coming from Chile, which is largely used in the arts, carries a duty, but I would take the duty off, because I would want to encourage its use in fertilizers; and the result of its coming in in enormous quantities now is that it is being used extensively all over the country separately in fertilizers.

I know for a fact that the State of Georgia consumed last year 847,000 tons of fertilizer in that one State. If they carried 2 per cent of ammonia, assuming that they all had been ammoniated with sulphate of ammonia, the product would be cheapened in the State of Georgia on those 847,000 tons to the extent of 50 cents per ton, because of the duty—in other words \$425,000.

Mr. COCKRAN. That would be the increased cost on the fertilizer?

Mr. BOWKER. Yes; in that State alone it would be \$425,000.

Mr. COCKRAN. How much would be the total cost?

Mr. BOWKER. There are different grades of goods sold there. I suppose that \$25 a ton would represent the selling price.

Mr. COCKRAN. It would be an increase of 50 cents per ton?

Mr. BOWKER. Yes, sir.

Mr. COCKRAN. It would make it cost \$25.50 as against \$25.

Mr. BOWKER. Yes; it is an important question when you come to the matter of admitting it duty free. I think that the policy is right and I should advocate the admission of all fertility duty free. If you admit that fertility of farming land is the basis of all prosperity, then you must admit that fertility is the corner stone; and as we are dealing in fertility, it is well to know that sulphate of ammonia is one of the elements of fertility.

Mr. RANDELL. What relation does the ammonia bear to the nitrogen?

Mr. BOWKER. In this form ammonia is about 80 per cent nitrogen. One hundred tons would be 80 per cent nitrogen. Accurately it is 82.25 per cent.

Mr. DALZELL. It is the chief element?

Mr. BOWKER. Yes, sir.

Mr. RANDELL. It is the most costly part of the fertilizer?

Mr. BOWKER. Yes, sir; and it is important to the agriculture industry.

Mr. UNDERWOOD. What, according to your judgment, would be the cost of a ton of commercial fertilizer if we make this concession?

Mr. BOWKER. I had anticipated that question. It should reduce the cost of fertilizer, because it will permit this plant food to come in \$6 per ton cheaper. If we do not increase our fertilizer and our means of maintaining it I do not know where we are going to get nitrogen, unless this proposed method of getting it out of the atmosphere be perfected. Some new source must be devised whereby we can get nitrogen.

Mr. RANDALL. What is that process of getting it from the atmosphere?

Mr. BOWKER. The idea is to utilize the nitrogen in the atmosphere, because 80 per cent, or four-fifths, of the air is nitrogen. We have found no commercial method of getting it out of the atmosphere for agricultural uses, and it has been said that the man who would invent such a method would be the greatest inventor of any age, because it would enable us to produce food and keep up our food supply. There has been invented in Italy—and I believe also in Norway—a process whereby they carry nitrogen. They treat the oxygen of the air over electrical furnaces charged with lime under intense heat; the hydrogen combines with the lime, and we have what is known as cyanic heat combine, which carries nitrogen, but it requires intense heat and cheap water power to produce it. It was hoped that that would be accomplished at Niagara Falls, but they have never done it entirely successfully. In Norway, where they have cheap water power, they have a process whereby they do it by means of electrical discharges in a furnace. The process is perhaps a million discharges in a short time, similar to the discharges in the atmosphere, which produces traces of nitrogen combined in ozone. They produce a weak nitrous acid by flashes which condenses and then concentrates, and by that process is produced nitric acid. Combined with lime or potash, they are making nitrate of potash or soda. All these processes depend for success upon cheap electrical power, because they require great heat to carry them through.

Mr. CRUMPACKER. What progress have they made under this proposition of the Agricultural Department in vaccinating farms with certain materials, and thus fixing bacteria?

Mr. BOWKER. I had hoped that that would be a success, and there is a good deal in it. That is only tried on ground where they raise peas and beans. I do not believe that we will ever be able to carry these bacteria germs so that they will be able to hasten multiplication in the soil. That is one way of increasing nitrogen. All by-products can be used to carry plant food.

I lay it down as an economical principle that all by-products that carry plant food from our manufactories should come in duty free, and I say to you that if it is fair to allow this economical sulphate to come in in a mixed fertilizer free of duty, why not allow it to come in in its original state free of duty?

Mr. UNDERWOOD. Is the mixed fertilizer free?

Mr. BOWKER. Yes, sir.

Mr. UNDERWOOD. In other words, we are giving sulphate of ammonia to the foreign manufacturers of fertilizers and not giving it to the American?

Mr. BOWKER. Yes, sir.

Mr. UNDERWOOD. It seems to me that that argument is conclusive.

Mr. HILL. How much of this sulphate do they ordinarily mix with the commercial fertilizer?

Mr. BOWKER. That will depend a great deal on the grade of goods.

Mr. HILL. How much on the average grade that is imported?

Mr. BOWKER. It will depend upon the prices of the different fertilizer ingredients. Some nitrate of soda is low in sulphate of ammonia.

Mr. HILL. How much can your foreign competitor bring in at \$6 a ton by bringing it in mixed?

Mr. BOWKER. It comes in at 24 cents on every unit of ammonia. If the fertilizer carries 2 per cent, it is 48 cents, and if the fertilizer carries 4 units to a ton, it is \$1 or a little less, about 96 cents.

Mr. HILL. To equalize it, there should be a corresponding duty on fertilizer.

Mr. BOWKER. Yes, sir; every man in the United States to-day is interested in having plant food, and I can bring the influence of every agricultural organization here to say that that must be done. I can bring before this committee the testimony of every agricultural station in this country from Louisiana to Maine and every agricultural professor of this country to favor this movement, because it means cheap food, which this country wants, especially as we are exporting so much of our grain product to the other side. Gentlemen, I hope that you will not look at this \$180,000 of duty which we collect on 30,000 tons or 40,000 tons of fertilizer as serious.

The CHAIRMAN. I do not think that we need to consider that \$180,000 duty.

Mr. BOWKER. Not when you are considering the fertility of the soil, which we have been exporting all the time. When such a man as Sir William Crookes sounded a warning that we have got to find a source of nitrogen supply or else the food supply will be diminished he does not sound it any too soon. Unless we can find some way of getting the nitrogen for our agricultural soil in this country it will not be so long before we will cease to export it, and it will not be long before our food will cost more. You can take one county in the State of Maine, which ten years ago did not use 5,000 tons of fertilizer, and yet last year on its potato crop alone it used over 30,000 tons.

Mr. COCKRAN. What county is that?

Mr. BOWKER. Aroostook County.

Mr. COCKRAN. Has that resulted in an increased production of potatoes, or was it to maintain the fertility of the soil?

Mr. BOWKER. To increase the product of the soil.

Mr. COCKRAN. It increased the productiveness of the soil, so that it is more productive than it was twenty or thirty years ago?

Mr. BOWKER. Then it was virgin soil.

Mr. COCKRAN. They use fertilizer in order to give the soil more productivity?

Mr. BOWKER. Yes; it increases it, because by the use of 1,000 to 1,500 pounds of 4 per cent nitrogen they can get from 250 to 300

bushels per acre. They could not to-day raise a cotton crop in the South if it were not for fertilizer. The cotton broker in New York, the man dealing in cotton on the exchange, is just as anxious to know how much fertilizer is being used. He is interested in the statistics on that subject.

Mr. RANDELL. With this tariff on it increases the price of fertilizer to the farmer, does it not?

Mr. BOWKER. I think it works that way. If it were duty free it means that the price of the product would come down. In the steel business they produce it as by-products. It is produced as a by-product in the increased production and consumption of coal.

Mr. DALZELL. When it goes through can it afterwards be eliminated?

Mr. BOWKER. No, sir.

Mr. RANDELL. It is produced, and in that way it comes in competition with the producer of fertilizer—the manufacturer of fertilizer, who has either to import it—

Mr. BOWKER. I want to be fair, gentlemen. I do not think it will ever come in as a mixed fertilizer, because European countries can not send mixed fertilizers over here, for the reason that European countries are taking all of our phosphate rock now. They are taking it from Florida, Tennessee, and South Carolina, and it is coming back here and we are consuming that in the shape of phosphoric acid. She is taking our materials and acidulating them, and therefore she can not bring it back, so that I do not think that we have very much to fear from that source—that is, I mean fear of its coming in.

Mr. COCKRAN. To what extent would it affect the prices of the fertilizer which you produce to put it on the free list?

Mr. BOWKER. Being a Yankee, I must put it this way: You can not figure that out; but if you take 24 cents off from every unit brought in in that form and we increase the amount brought in on account of taking off that 24 cents, it means that it will tend to keep down the price of that fertilizer, because it is increasing this source of supply. But, on the other hand, the consumption of fertilizer goes on and on and on; notwithstanding the taking off of the duty on fertilizer, it still continues to increase.

Mr. COCKRAN. There may be other elements operating against us. We can not prevent action in Canada.

Mr. BOWKER. No.

Mr. COCKRAN. So far as that is concerned, it might operate to reduce the price.

Mr. BOWKER. It might operate to reduce the price, because there is this \$6 duty on every ton. It will not come from European countries to any great extent.

The CHAIRMAN. And with this vast quantity imported, what is the percentage of the amount imported as compared with the amount produced in this country?

Mr. BOWKER. It is about on a parity.

The CHAIRMAN. It is about half and half.

Mr. BOWKER. It is difficult to get at those statistics.

The CHAIRMAN. We do not collect the full \$6 duty.

Mr. BOWKER. The Americans get the benefit of that \$6.

The CHAIRMAN. Very often the foreigner pays part of the duty when the goods come in.

Mr. BOWKER. I think that if you take that \$6 off it will make a difference. It will depress the price in this country. Now, I want to bring to your attention another point. We must produce in this country more than we do. We have got to bring in more than we do. One ton of sulphate of ammonia is equal to 1,000 tons of sulphate, which carries 3,000 tons of tannage. Now, tannage is a by-product of the slaughtering houses. It is the waste blood and meats.

Mr. COCKRAN. Principally blood?

Mr. BOWKER. Yes; and the waste meats. It is a tremendously large by-product of the packers.

Mr. DALZELL. Do not they waste that to a tremendous extent?

Mr. BOWKER. Enormously.

Mr. DALZELL. We could produce probably twice as much as we do now?

Mr. BOWKER. Exactly. There has come up an economical question in the disposition of the garbage of all cities.

Mr. DALZELL. Do the steel manufacturers in this country waste it?

Mr. BOWKER. No; the Frick Coke Works are producing enormous quantities. The steel men are all interested in coke. It is a by-product wherever coal is cooked for the purpose of making coke.

The CHAIRMAN. The Solvay Company came here and asked an increase because they said they wanted to introduce a coke oven, and indicated that coke would be manufactured as a by-product.

Mr. DALZELL. That is where they use the beehive oven?

Mr. BOWKER. I think so. They are now putting in retort ovens.

Mr. UNDERWOOD. The beehive oven produces a stronger coke, and is not that the reason why a check has come in the production of coke?

Mr. BOWKER. I am not familiar with the production of coke, but I would presume there is something in that.

Mr. UNDERWOOD. I think that in the semi-Solvay process it would be necessary to make less of the nitrate.

Mr. BOWKER. Gentlemen, you will be compelled to admit nitrogen free from all sources. I was saying that a thousand tons of sulphate of ammonia carried 3,000 tons of tannage.

The CHAIRMAN. The value of this by-product of ammonia bears a small percentage of the duty value of the other product in making ammonia, does it not?

Mr. BOWKER. Yes, sir.

The CHAIRMAN. Or the cost?

Mr. BOWKER. Or the cost. It is a very slight percentage. The other by-products are tar and all of the product of coal tar and gas, in cities where they are manufacturing gas. Roughly speaking, there may have been imported and manufactured in this country 100,000 tons of sulphate of ammonia last year. That was equivalent to 300,000 tons of tannage. Now, if you did not have that sulphate of ammonia, where would the price of tannage be?

Mr. DALZELL. What is tannage?

Mr. BOWKER. It is the by-product from the packing houses, the blood and the meat. That is produced in the rendering. You know that in the large slaughterhouses they have a great many waste products. The intestines, the lights, and all things from which they extract grease in a tank. It is thrown into the tank and under a high temperature the grease rises to the top, and it is drawn off, and then

it is condensed and put into a powerful press and the grease pressed out, and then it is put into a drier and dried. In that process they carry an average of 8 per cent of ammonia and from 20 to 25 pounds of phosphate of lime or, in other words, bones.

Mr. DALZELL. That is useful as a fertilizer?

Mr. BOWKER. Yes, sir; it is a valuable product. It is returned to the soil from which it has been taken. This carries 8 per cent of ammonia, and sulphate of ammonia carries 25 per cent; and that is why 1 ton of sulphate of ammonia is equivalent to 3 tons of tankage in ammonia. Or I will put it in this way, that it takes 3 tons of tankage to equal 1 ton of sulphate of ammonia. That is very important.

Now, my selfish interest in this matter is to get a cheaper plant food, so that we can furnish fertilizers cheaper. That is a matter of interest to me. That is the interest of every fertilizer manufacturer.

I might say that we are the scavengers of the earth. That may seem like a very rank name, but still I am proud of it. We are seeking everything that contains plant food. We are bringing that from South America and from Australia and from every place that we can find it where it comes as a by-product of fish or flesh. We are gathering it in this country from all sources.

Mr. COCKRAN. You said that you were the scavengers of the earth and that you were getting it from Australia and other places. Does that include any other interest?

Mr. BOWKER. I said Australia, and perhaps that is a little far away to get bone and tankage.

Mr. COCKRAN. How do you get it?

Mr. BOWKER. We have men going around and gathering it up.

Mr. COCKRAN. In the streets of the cities?

Mr. BOWKER. Yes; and on the plains, wherever cattle are slaughtered or where they die.

Mr. COCKRAN. Can you utilize your efforts in the cleansing of our cities?

Mr. BOWKER. In the city of Washington you recently had a large garbage plant, which was destroyed. It was one of the finest plants in the country. They burned up the garbage. I do not know what they are now doing with the garbage. Everything that carries plant food should be utilized; and every concern engaged in that business should be encouraged to collect this matter and return it to the soil. I spoke about Georgia. I do not know whether you have a Member from Georgia on the committee.

Mr. COCKRAN. We have a Member from Georgia on the committee, but unfortunately he is absent at this moment.

Mr. BOWKER. You ask the Representative from Georgia what it means to the cotton crop.

Mr. COCKRAN. Why do you specify Georgia?

Mr. BOWKER. Because we happen to know in Georgia just how much they use there. Fertilizer is sold in Georgia and there is a ton tax upon it. There are 847,000 tons consumed in that State. There is consumed in that one State more than is consumed in all of the northern New England States combined. Are they not interested in having cheap nitrogen?

Mr. COCKRAN. I should think so.

Mr. HILL. Is the output controlled by a combination?

Mr. BOWKER. No, sir; it never can be, thank God.

Mr. HILL. Why not?

Mr. BOWKER. Why not?

Mr. HILL. Yes; was there not an agreement or combination made by some men in the South, who were prosecuted by the Government?

Mr. BOWKER. Well, there was one concern that got into trouble and went up to Canada. How can you control prices when there are one hundred different kinds of by-products sold on the market and consumed as fertilizer? How can you control it unless you control the phosphate of lime? That is being discovered in every State in this country. It is being discovered in Tennessee, Utah, Florida, and South Carolina. When we thought that we had got to the limit of it in South Carolina, we found it in Florida. We found it in Tennessee when we thought we had got to the limit of it in Florida.

Mr. HILL. Is it not true that one concern dealing in oil controls that industry?

Mr. BOWKER. Yes, sir; but they are dealing with one concrete product, oil. The fertilizer people are dealing with fifty or one hundred different by-products. Every man with a little rendering plant in every little village is concerned. This business can never be controlled by anybody.

Mr. COCKRAN. You referred to some people in the business who went to Canada.

Mr. BOWKER. I referred to their forming a sulphate company in Canada.

Mr. HILL. I am not familiar with the matter, but I was reading a while ago of the United States Government proceeding against a combination of fertilizer dealers; and they were stopped.

Mr. BOWKER. I think that some sulphate company went to Canada so as to avoid interstate traffic business.

Mr. HILL. Who were they?

Mr. BOWKER. I do not know.

Mr. COCKRAN. Were you not connected with them?

Mr. BOWKER. I was not.

Mr. COCKRAN. How many people in this country are engaged in this business?

Mr. BOWKER. The number of fertilizer concerns in the United States I am unable to give you, but I suppose you can get that from the Agricultural Department. I should presume there are three or four thousand concerns.

Mr. HILL. You say that you can not control this business, but as a large dealer, if you could get control of the methods of distribution, do not you think you could get control of the business?

Mr. BOWKER. We do not try to get control of the methods of distribution.

Mr. CRUMPACKER. They would be less likely to get control of it if there was free ammonia?

Mr. BOWKER. Yes, sir; free products tend to protect us. I do not care anything about the control of this business. I have seen the business double and treble. I have gone through every season, and at the end of it I find that all my floors are bare and I do not see where we are going to get plant food. What I want is a source of supply.

Mr. RANDELL. What kind of fertilizer do they consume in Georgia?

Mr. BOWKER. The particular grade is known as "2, 8 and 2," or "2, 9 and 2."

Mr. RANDELL. There is no difference between that and the quality that is consumed in the Mississippi Valley?

Mr. BOWKER. There is a difference in the soil. The Mississippi Valley will make a little more potash.

Mr. RANDELL. How would it be if you took the rich, black lands of Texas and Oklahoma?

Mr. BOWKER. Those lands do not need it and will not use it for a long time. I should use it, however, if I owned that land.

Mr. RANDELL. Would not the use of it cause the cotton boll to open two or three weeks earlier?

Mr. BOWKER. Yes, sir.

Mr. RANDELL. And therefore it would be a protection against the boll weevil?

Mr. BOWKER. Yes, sir; that would be a protection against the boll weevil.

Mr. RANDELL. I do not want to advertise your product, but I think that the boll weevil helps you out.

Mr. BOWKER. Well, it seems strange, but these insects seem to help our business. You take the potato bug, and he increases our industry. The same is true of the boll weevil, because if you put on fertilizer, which is a valuable plant food, it is like giving milk to an infant. It hastens the maturity of the plant. If you hasten the maturity of the cotton plant you retard the advance of the boll weevil, because the boll weevil can not sting the plant.

The CHAIRMAN. You have five minutes more before we take a recess.

Mr. BOWKER. I am glad of that, because I will then no longer be on the grill. I want to say that I want you to admit phosphate slack free, because it is a by-product of the steel industry. It carries phosphate of lime, and that should come in free.

Mr. CRUMPACKER. What about sulphuric acid? I noticed in the report of the Solvay Company that it is making sulphate and that it loses about nine-tenths of all of the sulphuric acid produced.

Mr. BOWKER. We make sulphuric acid. I do not care about the duty on that. That substance will not bear transportation for a long distance. You can not transport it by water. They can not bring it in from foreign countries. I want to say also that I would like to see the duty taken off bags for wrapping fertilizers; that is, burlap.

The CHAIRMAN. That is a big question, and we will hear you on that later.

Mr. BOWKER. Yes, sir. If you will take the duty off binder twines it will also help us.

The CHAIRMAN. I think that you had better study up on that subject, and you will know better about it and be better posted afterwards.

Mr. BOWKER. I make the general statement that you ought to admit all plant foods, from whatever source, free of duty, as an economical proposition.

(Thereupon, at 11.40 a. m., the committee adjourned until Monday, December 14, 1908, at 9.30 a. m.)

APPENDIX.

SCHEDULE A.—CHEMICALS, OILS, AND PAINTS.

BARYTES.

THE KENTUCKY BARYTES COMPANY, NICHOLASVILLE, KY., URGES THE NECESSITY OF INCREASED PROTECTION.

NICHOLASVILLE, KY., December 4, 1908.

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: In considering the paint and chemical schedule relative to the duty on barytes, we desire to state that Kentucky contains very large deposits of this ore. The industry is in its infancy, and likely to remain so unless due regard to protection and penalty against discriminatory nations is afforded.

The following figures will prove conclusively the necessity of more protection for the home industry:

Comparative costs home and foreign crude barytes ore.

Home:	
Royalty	\$1. 00
Mining	2. 50
Hauling	1. 00
Freight	4. 25
Overhead expenses	1. 00
	<hr/> 9. 75
Cost at foreign seaport	3. 74
Ocean freight	1. 00
	<hr/> 4. 74

From these figures it will be seen that foreign ore has an advantage of \$5 per ton over the home product and shows conclusively why it is that the American users of crude barytes are buying foreign ore and why the home industries are in a languishing condition. From a thorough investigation in our endeavors to find a market for our crude ore we find that No. 1 crude ore commands a price in competition with foreign ore of \$6.50 per ton delivered in the eastern markets, against which we have a cost, as shown above, of \$9.75.

The above figures for foreign costs are taken from the government report on the Production of Barytes in 1907. The costs of the home product are taken from our own figures, which we are prepared to substantiate.

The barytes deposits in Kentucky are extensive and of good quality, and proper protection would be the means of adding a new industry to the State. We therefore ask your consideration of this matter in the hopes that some relief may be given this industry and that the duty on crude ore be advanced to \$5 per ton.

Yours, very truly,

THE KENTUCKY BARYTES CO.,
By G. A. ROY, *President*.

CAMPHOR.

BOSTON, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I have the honor to suggest respecting the phraseology pertaining to camphor in the tariff revision that the wording be:

Camphor, crude natural, free.

Camphor, refined natural, 6 cents per pound.

Camphor, synthetic, artificial, or other than natural, 6 cents per pound.

Very truly, yours,

AMERICAN CAMPHOR REFINING COMPANY,
CHAS. A. WEST, *President*.

CARBONATE OF BARYTA.

NEW YORK, *December 9, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Our attention has been called to a letter or memorandum addressed by Mr. W. D. Gilman, vice-president of the William D. Gilman Company, of Sweetwater, Tenn., to your honorable committee, in reference to the duty on precipitated carbonate of baryta, in the course of which he refers to us by name in connection with various suits and decisions of the Board of General Appraisers relating to the classification of the article. Immediately following this he states in his letter as follows (as reported by the Oil, Paint and Drug Reporter of December 7, 1908, at p. 29):

We are still running our plant, but we find it quite impossible to meet the German goods on account of the importers largely evading the duty by undervaluation.

It will be seen that Mr. Gilman does not dare in this quotation to mention us by name, but the context is such that the reader will infer that the charge of undervaluation is made against us.

We desire most strongly to protest against this indirect and cowardly method of attack. There is no truth whatever in any such reckless charge. It is utterly baseless and false.

We take this method of answering, because the proceedings of your honorable body are given the widest publicity, and no business man, no matter how honorable a business career he may have had, can permit such an attack upon him to go unanswered. In view of the publicity which has been given to letters and memoranda presented to you, including the letter above referred to, we sincerely hope that in justice to ourselves your honorable body will give the same publicity to this letter.

Respectfully, yours,

GABRIEL & SCHALL,
H. SCHALL.

CHROMATE AND BICHIROMATE OF POTASH.

A. KLIPSTEIN & CO., NEW YORK CITY, FILE SUPPLEMENTAL STATEMENT RELATIVE TO THESE ARTICLES.

New York, December 3, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Referring to our letter of to-day, giving the tariff history of chromate and bichromate of potash in the United States, we attach hereto a table giving the commercial history of these products for the past forty years, and beg to call your attention to the salient facts contained in same.

Production of chrome ore in the United States.—It is generally understood that the reason for placing exceptionally high duties on chromate and bichromate of potash was the protection of American chrome ore. You will see from the table that the production of chrome ore in the United States ceased entirely in 1897, and has been practically nil ever since; hence no necessity for extra duty now exists.

Importation of chrome ore.—The American bichromate maker now purchases his chrome ore in the open markets of the world, like his English and German competitors, and, being the largest buyer, he is presumably the cheapest buyer. The following figures show the trend of the importation and prices of chrome ore since 1884:

Imports.	Tons.	Price per ton.
1884.....	2,677	\$27.49
1897.....	11,570	16.30
1907.....	41,999	11.71

The importations for 1897 and 1907 represent the entire consumption, while in 1884 there was probably produced in the United States 2,000 tons, making the total consumption in 1884, say, 4,677 tons.

Since 1884 the quantity of chrome ore operated on in this country has increased nearly 1,000 per cent, to 41,999 tons, while the price has declined 240 per cent, from \$27.49 to \$11.71 per ton.

Further, carbonate of potash paid 20 per cent duty in 1884 and now comes in free, which is equivalent to additional duty on chromates; consequently the chromate and bichromate of potash would now have

as much protection at $1\frac{1}{2}$ cents per pound as in 1884 at 3 cents per pound.

Consumption of bichromate in the United States as compared with the rest of the world.—Since the application of the chrome process to tanning leather the United States has become (a) the largest producer of chrome leather; (b) the largest importer of chrome ore; (c) the largest producer of bichromates.

This is shown in the following figures from the table:

	Total world's production of chrome ore.	Total im- ports into the United States.	Per cent of total pro- duction used by the United States.
	Tons.	Tons.	
1887.....	32,356	11,570	35.6
1888.....	36,228	16,304	45
1889.....	44,121	15,798	35.8
1903.....	52,061	22,931	44
1904.....	94,329	24,227	25.6
1905.....	98,136	54,434	55.4
1906.....	81,935	43,441	53

As the principal use of chrome ore is the manufacture of bichromates, the United States must produce more bichromate than all the rest of the world put together, and, being the largest producer, must be the cheapest producer and needs no protection whatever.

Importations of bichromate of potash.

	Quantity.	Value per pound.	Duty.	Equivalent ad va- lorem.
	Pounds.	Cents.	Cents.	Per cent.
1881.....	4,404,237	9.29	4	40
1897.....	1,329,473	8.16	3	36.7
1907.....	18,171	7.20	3	41

As the importation practically ceased in 1907, the duty is evidently prohibitive and has resulted in a monopoly.

Being the largest manufacturers in the world, in accordance with a well-established law of production, the Americans must be the cheapest manufacturers in the world, and therefore need no protection whatever even to monopolize the business.

Bichromates in the shoe and leather industry.—As stated before, the great increase in the production of bichromates has been caused by their use in tanning leather, which began in the United States under the Schultz patent and has since extended to all parts of the world. It has made the "glazed kid leather" of America and the shoes produced from it famous the world over.

Our exportations have been as follows since 1903:

Year.	Glazed kid.	Shoes.
1903.....	\$1,995,210	\$6,665,017
1904.....	1,512,179	7,238,940
1905.....	1,576,204	8,057,007
1906.....	1,922,430	9,142,748
1907.....	4,369,587	10,696,940

Recently the English, German, Austrian, Italian, French, and Japanese leather manufacturers have commenced to push vigorously both the manufacture of chrome leather and of shoes made from it. If the present high duty on bichromate is retained, the trade in shoes and leather will vanish away as quickly as it was built up.

The American tanner can not pay 9 cents for bichromate of potash and make leather to compete with his German rival, who works with bichromate of potash costing only 53 marks per 100 kilos, or 5.8 cents per pound.

In conclusion, we give below the actual quotations for bichromate of potash and bichromate of soda in both England and Germany for the four years, 1905 to 1908, inclusive:

Foreign market quotations for bichromates from 1905 to 1908.

BICHRIMATE OF POTASH.

Year.	Price f.o.b. Antwerp per 100 kilos.	Price in sterling f. o. b. Glasgow, per pound.	Equivalent per pound.	Price in bond, New York, including freight.	Duty per pound.	Price duty paid New York per pound.	Selling price United States, per pound.
	Marks.		Cents.	Cents.	Cents.	Cents.	Cents.
1905.....	52.00	3d. less 5 per cent.	5.72	6.09		9.09	8½
	62.45		5.70	5.85		8.66	
1906.....		3½d.	6.87	7.10		10.10	8½
			6.56	6.86		9.86	
1907.....	57.00	3½d.	6.27	6.47		9.47	8½
			6.50	6.72	3	9.72	
1908:							
January.....	55.00		6.05	6.24		9.24	
July.....	58.00		5.83	6.03		9.03	
January.....		3½d.	6.50	6.92		9.92	8½
July.....		3½d.	6.25	6.42		9.42	

BICHRIMATE OF SODA.

1905.....	42.00	2½d. less 5 per cent.	4.62	4.98		6.98	6½
			4.28	4.48		6.88	
1906.....	48.75	2½d. net.	5.36	5.58		7.58	6½
			4.50	5.08	2	7.08	
1907.....	50.00	2½d. net.	5.50	5.70		7.70	6½
			5.50	5.86		7.86	
1908.....	40.00	2½d. less 2½ per cent.	4.40	4.60		6.60	6½
			5.40	5.76		7.76	

^a Quoting for 1909 8½ to 8½ cents.

^b Quotation for 1909 6½ to 6½ cents.

It appears from the above that while the price varies in the same year between England and Germany, and while in both countries it varies from year to year, in the United States it is fixed without reference to foreign prices or the cost of raw material, care only being taken to keep it just below the point where importation becomes possible. This is clearly shown by what has happened this present year. The price here being fixed for bichromate of soda at 7½ cents and the German price being 40 marks per 100 kilos, equal to 4.40 cents per pound f. o. b. Antwerp, or 6.6 cents per pound duty paid here, it has been possible since last July to import and sell 800 tons of German goods in competition with the American bichromate mo-

nopoly. Becoming aware of this fact, the "trust" has promptly reduced its price of bichromate of soda to 6½ cents, just enough to prevent the importation of German goods, although, from the foregoing statistics, it is more than probable that it could sell at 4½ cents and still make profits.

Respectfully submitted.

KLIPSTEIN & Co.,
E. C. KLIPSTEIN, *Treasurer.*

Query: Is the Government of the United States not entitled to some revenue for so much protection? If so, should not the duty be lowered to a revenue-producing point; at least some revenue?

Year.	Chromite or chrome iron ore.					Chromate and bichromate of potash imported into United States.		Exports of—	
	Produced in United States.	Value per ton.	Imported into United States.	Value per ton.	Total world's production.	Pounds.	Value per pound in bond.	Shoes.	Glazed kid.
	Long tons.		Long tons.		Tons.		Cents.		
1867.						875,206	10.14		
1868.						777,855			
1869.						877,432			
1870.						1,235,946	10.30		
1871.						2,170,478			
1872.						1,174,274			
1873.						1,121,367			
1874.						1,387,061			
1875.						1,417,812	12.94		
1876.						1,665,011			
1877.						2,471,669			
1878.						1,921,670			
1879.						2,624,408			
1880.						3,505,740	9.99		
1881.						4,404,237			
1882.						2,449,875			
1883.						1,090,140			
1884.			2,677	\$27.49		2,593,115			
1885.	2,700		12	20.00		1,448,539	6.89		
1886.	2,000		3,350	13.03		1,985,800			
1887.	3,000		1,404	14.82		1,722,465			
1888.	1,500		4,440	10.53		1,755,480			
1889.	2,000		5,474	9.28		1,580,385			
1890.	3,569		4,353	13.12		1,304,185	8.11		
1891.	1,372		4,459	24.39		755,254			
1892.	1,500		4,930	11.27		496,972			
1893.	1,450		6,354	9.23		976,706			
1894.	3,680		3,470	11.06		1,483,762			
1895.	1,740		5,230	15.84		2,045,910	8.89		
1896.	786		8,069	21.62		952,794			
1897.	None.		11,570	16.20	32,356	1,329,473	*8.16		
1898.	None.		16,304	16.70	36,228	1,100,710	7.42		
1899.	None.		15,793	18.04	44,121	1,130,965	6.50		
1900.	140	\$10	17,542	17.39		111,761	6.90		
1901.	368	15	20,112	18.06		430,906	6.80		
1902.	315	15	39,570	14.72		231,000	6.60		
1903.	150	15	22,931	13.13	52,061	41,229	6.70	\$6,665,017	\$1,995,200
1904.	123	15	24,227	14.88	94,329	26,053	6.90	7,238,940	1,512,179
1905.	40	15	54,484	13.32	98,136	59,050	7.00	8,067,097	1,576,204
1906.	317	9	43,441	12.84	81,935	50,098	8.00	9,142,748	1,922,430
1907.	335	20	41,999	11.71		18,171	*7.20	10,066,940	4,869,587

* Equals 36.7 per cent.

* Equals 41.6 per cent.

World's production of chromite or chromic iron ore, in long tons.

[From Mineral Industries, 1908.]

	1897.	1900.	1894.	1906.
Bosnia.....	376	100	279	320
Canada.....	2,393	2,119	5,512	7,936
Greece.....	563	5,600	15,430	11,530
India.....	None.	None.	3,654	4,445
New Caledonia.....	9,064	10,474	42,197	57,867
Newfoundland.....	3,084	None.	None.	None.
New South Wales.....	3,433	3,338	403	15
Norway.....	Nil.	165	154	Nil.
Russia.....	18,486	18,233	26,575	27,000
United States.....	Nil.	142	125	322
Total.....	32,338	40,171	94,329	108,935

A. KLIPSTEIN & Co., *New York.*

DECEMBER 1, 1908.

GERMAN CHEMICAL INDUSTRY.

THE MONSANTO CHEMICAL WORKS SUBMITS INFORMATION RELATIVE TO THE GERMAN INDUSTRY.

ST. LOUIS, *December 9, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

SIR: We are inclosing herewith some information regarding the German chemical industry which may prove of interest to you at the present time unless you already have this information before you. You will particularly note the reserve fund created by these companies which serves, when the occasion requires, to fight competition.

The manufacture of chemicals is unquestionably in its infancy in the United States and should be fostered and encouraged, the field being so extensive. A number of German concerns are now represented in this country. Their method seems to be to incorporate with a comparatively small capital, say, \$5,000 or so, in order to have proper footing, and on this capital they do a business of millions in the United States.

The few chemical manufacturers in the United States who are endeavoring to compete with these German manufacturers should have free raw material and a protective duty on the finished products that will be liberal and considerably more than the actual difference in costs of manufacture, because with this large reserve fund they can put any American competitor out of business by underselling whenever they are so disposed, unless the tariff be such as to protect him. The Germans have made a specialty of chemical manufacture, and their methods are the most economic. By reason of the combination of these immense concerns, which enables them to get high prices at home and to sell their surplus here at low prices, the young American manufacturer in competition with them will have a hard road to travel

for some little time, with all the protection you can give him; but he will win out in the end if he is given the encouragement he is entitled to, by having the nerve to put up his money and time to compete with these foreign, gigantic institutions.

An illustration of this is in one of our products, i. e., phenacetin, which has a large sale and which we undertook to manufacture a little over two years ago. The lowest price of the Elberfeld company then was \$12 per pound. To-day it is 85 cents per pound, and, from information recently received, they would sell at still lower prices. No doubt the Schoellkopf, Hartford & Hanna Company have similar experiences with aniline colors.

We call your attention to these conditions, knowing that you desire all actual information that may be available.

Respectfully,

MONSANTO CHEMICAL WORKS,
Per JNO. F. QUEENY, *President*.

EXHIBIT A.

Consul-General Richard Guenther, of Frankfort, furnishes the following information concerning the condition of the German chemical industry in 1907:

This district contains some of the most prominent chemical works and forms one of the chief centers of that line of industry in Germany. I quote the per cent dividends declared from the earnings by some of the German joint stock companies in 1907, the figures in parentheses being the dividends declared in 1906: Color works at Elberfeld, 36, and an extra dividend of 20 distributed from reserve fund No. 2; aniline and soda works at Ludwigshaven, 30 (30); chemical factory at Berlin, 10; chemical works at Bleibrich, 32 (22½); chemical works of Griesheim, 14 (12); color works of Hoechst, 30 (30); united chemical factories, Mannheim, 20 (20); chemical factory Weiler-Meer, 10 (10).

The German chemical works do not distribute all their net earnings in annual dividends; they write off large sums on the works, real estate, etc., and transfer considerable amounts to reserve and special reserve funds, besides awarding substantial money grants to their supervisory boards (composed of principal stockholders), directors, and officials. To illustrate this the following extracts from last year's business of two of the smaller chemical companies are given:

One of these, at Frankfort, whose share capital is 14,000,000 marks (\$3,332,000), earned, in 1907, 7,557,000 marks (\$1,798,566). The costs and actual business expenses were 1,752,000 marks (\$416,976). As the declared dividend of 14 per cent absorbed but 1,960,000 marks (\$466,480), the balance is put away in writing off large sums on the plant, carrying large sums to various reserve funds, distributing bonuses among directors and officials, to pension fund, and carrying forward to new account 814,000 marks (\$193,732). It may be remarked here that the latter sum itself is equivalent to 6 per cent extra dividend on the company's entire share capital.

A chemical concern at Bleibrich, on their capital of 10,000,000 marks (\$2,330,000), earned 6,165,000 marks (\$1,467,270), from which 584,000 marks (\$139,992) were deducted for the business expenses. The dividend of 32 per cent declared on the share capital absorbs but 3,200,000 marks (\$761,600), consequently a similar process of writing off and distributing and carrying over, as in the other case quoted, was pursued.

Of all the prominent lines of manufacture in Germany, that of the chemical branch is the most profitable. There is a growing tendency among the successful companies to fuse their interests, so as to lessen competition among themselves,

because it is feared that the new patent laws in foreign countries will eventually create abroad competition to the chemical works of Germany, which now almost enjoy a monopoly.

EXHIBIT B.

According to a recent consular report, the German Society for the Protection of the Interests of the Chemical Industry at its recent annual meeting reported that no serious effects had thus far resulted from the general business depression. The number of chemical factories in Germany increased from 8,505 at the beginning of 1907 to 8,616 at the end of the year. The number of employees increased from 195,000 to 207,000. Their wages advanced from \$49,266,000 to \$54,740,000. The stock companies, numbering 166, reported at the close of 1907 a total stock capital of \$125,806,800, reserves of \$41,316,800, and outstanding debts amounting to \$22,514,800. They paid in dividends the sum of \$19,444,600 on the entire capital. This is an increase of 0.38 on the rate for 1906. The profits vary greatly in the different branches. The average rate of profit during 1907 for the entire industry was 10.73 per cent, an advance of 0.7 per cent over the rate for 1906. The outlook for a continuance of high profits is not considered as favorable, partly on account of recent tariff arrangements and partly on account of the requirements of the new British patent law. But the customs statistics of the German Empire for the first half of 1908 give a most satisfactory showing for the commerce in chemicals. In comparison with the same period of 1907 there is a slight lessening of imports and a more marked increase in exports. The total exports of chemicals in the first six months of 1908 were 1,170,714 metric tons, against 1,143,376 in 1907, and the total imports 729,776 tons against 800,423 in 1907. (Electrochemical and Metallurgical Industry, Vol. VI, No. 12, Dec., 1908.)

SESAME AND PEANUT OIL.

HON. H. S. BOUTELL, M. C., SUBMITS LETTER FROM THE JOHN F. JELKE COMPANY, CHICAGO, ILL.

CHICAGO, December 7, 1908.

HON. H. S. BOUTELL,
House of Representatives, Washington, D. C.

MY DEAR MR. BOUTELL:

* * * * *

In regard to the tariff, we wish to say one thing, and that is that we are interested in the importation of sesame and peanut oils, neither of which are or can be produced in this country. There is a small quantity of peanut oil made, but owing to the character of the nuts it is not at all to be compared with the imported. Both these oils are now free of duty for manufacturing purposes.

Please see that they remain there, and oblige,

Yours, very truly,

JOHN F. JELKE.

SPONGES.

**STANLEY ADDERLEY, SAN FRANCISCO, CAL., RECOMMENDS THAT
DUTY ON SPONGES BE REMOVED.**

SAN FRANCISCO, CAL., *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I respectfully beg to call your attention to the item sponges. An import duty of 20 per cent ad valorem is at present imposed on same. As an old dealer I consider the industry of our Florida fisheries requires no duty to be placed on imported sponges. Considerable of our Florida crop is shipped to Europe. The industry is now largely in the hands of Greeks, and the supply has greatly increased by the recent discovery that our vast Florida Gulf sponge submarine beds can and are being gathered by Greek divers in quantities unheard of, and even undreamed of, by old vessel owners, who have seen the hooking method of gathering sponges completely rendered antiquated by the modern innovation of diving.

In the Mediteranean and Bahamas many sponge zones have been closed on account of the supply having given out; therefore under the conditions of a decreased foreign and increased domestic supply and yield no harm can possibly be done in making a change in our tariff.

I sincerely trust that your committee, realizing that "cleanliness is next to godliness," and that sponges, the great cleaning medium, produced so bountifully by nature, will be placed absolutely free of duty on the new revised list your honorable committee is now giving careful attention to.

Yours, respectfully,

STANLEY ADDERLEY.

WHITING.

**STICKNEY, TIRRELL & CO., BOSTON, MASS., FILE SUPPLEMENTAL
BRIEF RELATIVE TO CHALK, WHITING, AND PARIS WHITE.**

BOSTON, MASS., *December 10, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We desire to add to our communication of the 4th regarding chalk, whiting, and paris white, that the capacity of the mills engaged in manufacturing those products of chalk exceeds the total demands of this country; hence the competition for business is keen and prices are kept at such close margin of profit that manufacturers' sales are closely confined to the locality where the freight rate is most favorable; in fact, the freight rates actually determine the market that will secure to any extent the whiting business.

Yours, respectfully,

STICKNEY, TIRRELL & Co.
Per T.

SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

BAUXITE.

SUPPLEMENTAL BRIEF FILED BY THE REPUBLIC MINING AND MANUFACTURING COMPANY, PHILADELPHIA, PA.

PHILADELPHIA, PA., *December 11, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Although December 4 was, properly speaking, the last day for presenting briefs, yet we noticed that special matters of importance could be subsequently submitted. We earnestly desire that the following report may be accepted as an addendum to our brief duly mailed on December 3, and we pray that the statements contained herein may have due consideration.

On November 23 the writer appeared before your committee and asked for an increase in the duty on a raw material. We felt that the general tendency was to decrease, not increase, tariffs, and we felt that the general tendency was to remove the duty from most raw materials. We felt, however, that there are exceptions to every rule, and that in the specific case of bauxite the very existence of the industry in this country was involved, and that these general tendencies might justly be changed. To substantiate our verbal request, we mailed to your committee on December 3 a brief bearing on this subject.

Under date of December 2 the Manufacturing Chemists Association of the United States submitted to your committee a request to place all bauxite on the "free list." In their arguments for the removal of duty on bauxite they make some very bold statements, which we honestly believe to be misleading. As shippers of practically one-third of all the bauxite which has been mined in this country, we feel that our arguments should have some weight, and we beg, in this connection, to submit that of the 40 chemical concerns who, as an association, have asked for the removal of duty on bauxite only 7, to our knowledge, are directly interested in bauxite. The remaining 33 may be interested more or less in the products of bauxite, but these products are all specific articles, duly dealt with. Of the seven who use bauxite, we believe that one concern has not bought any American bauxite within the last two years. Four of the seven we believe have received "white" bauxite from France during 1908.

The association divides bauxite into two classes, which they call "red" (high iron—used for aluminum) and "white" (low iron—used for alum). They speak of American bauxite as "white" and French bauxite as "red," and deduce therefrom that imports of "red" do not conflict with the American "white."

We submit that not only is there "white" bauxite in France, but that said "white" is now coming into this country, replacing, ton for ton, the "white" ores existing here. It is to impede these "white" imports and to gain back this ground we have already lost that has first caused us to ask for more protection.

We further submit that instead of American bauxite being "white," we believe that we hold 4 tons of so-called "red" bauxite to every ton of "white." French "red" is laid down so cheap in this country, even with the present duty, that for many years we have been unable to handle our "red" ores, and have been compelled to confine ourselves almost wholly to the "white." Our second and final cause for asking for more protection is to enable us to make use of our "red" ores, which exist in great quantity, and which we believe to be as well adapted to the manufacture of aluminum as all the American ore which has already gone into the manufacture of aluminum.

The association claims that there were produced in the United States in 1906 78,331 tons of bauxite, and in 1907 97,776 tons, an increase of, say, 20 per cent. In the same period that the United States was increasing this 20 per cent, the French imports were increasing some 50 per cent. We base these import figures for 1907 not at the 16,372.80 tons mentioned by the association, but at 25,066 tons as given by the United States Geological Survey's Report on the Production of Bauxite and Aluminum in 1907, written by W. C. Phalen, and also by the consular report which we have already referred to in our previous brief.

The association states that the American mines do not need protection. With our profits less than the present duty; with our "red" ores unmarketable because French "red" ores control the American needs; with our "white" ores being replaced by French "white" ores with alarming rapidity, how can they state that the American mines do not need protection?

The association further deduce, inasmuch as the water rate from abroad is approximately \$2.25 and our own freight rates to eastern and northern manufacturers run as high as \$5 a ton, that the entire American product is consumed in the general locality of the mines. All of the bauxite which we have ever shipped has gone to the northern and eastern manufacturers, and if there are any manufacturers, or ever have been any, or if there are any uses for bauxite in the general locality of the mines, we do not know of them. American bauxite certainly is used in these northern and eastern districts, and the low water rate from France works directly against the American mines.

We wish to say again that far more people have been unsuccessful in mining bauxite than those few of us who are left, who have been successful in a small way up to this time. We wish to say again that our "red" ores are almost wholly unmarketable, even with \$1 duty prevailing. We also wish to say again that our "white" ores are losing ground, even with the \$1 duty prevailing.

Our arguments are not based on theory. We have offered our "red" ores unsuccessfully. Only within the past few months we have offered "red" bauxite to two members of the association for red purposes. Both reported the material as satisfactory in quality, but they both turned down the offer because the French price could not be met by us. This "red" ore lies in our yard to-day unsold,

with no prospects of a market. It was taken out and piled separately in the course of our regular mining. We have clung to our business, made land and machinery investments, in the hope that when the aluminum field opened our enormous ore reserves could be made marketable and that the protective policy of our Government would aid the industry. American bauxite will not stand the slightest show in the aluminum business if the tariff is not raised; if the tariff is reduced it will simply put the Government out of receiving so much revenue which it ought to have and which the manufacturing chemists, we believe, can well afford to pay; for, even with \$1 per ton duty, they can buy French ore cheaper than American bauxite, as the increasing percentage of imports plainly shows.

We beg to state that alum and all the products of "white" bauxite can be made from "red" bauxite. If the duty is removed, we fear that "red" bauxite can be laid down in this country so cheaply that it can economically be purified of its iron and used to take the place of "white" bauxite.

The members of the Manufacturing Chemists' Association of the United States are all manufacturers. Naturally they want to buy their bauxite for as low a price as possible. They are simply arguing for their own selfish interests, and while it may be said that we also are appearing in our own selfish interest, we do not ask the protective duty without reason. If our mines were on the coast, we would ask for nothing. In spite of the fact that the French labor is so low, we would depend upon our ingenuity and energy to meet the labor conditions. But the location of our mines in a section of the country needing development, and in which manufacturing should be encouraged, prevents this. If this trade is cut off, not only will the bauxite companies, the mine laborers, and the railroads be deprived of a business, but there will be no inducement to establish chemical works and aluminum plants near the source of the raw material, as manufacturing centers are not near these mines and the other advantages of establishing factories near eastern centers will decide the matter if French bauxite is free, so that the raw material question does not enter into it.

It is proper, in this connection, to show the good faith of the attitude of the officers of this company and that they are not making this request for \$2 per ton duty for the sake of large gain, and to set forth to the committee their attitude in other industries with which they are connected. They are largely interested in the manufacture of grinding wheels, which are a product for which bauxite is furnished, and they have submitted a brief to this committee asking that the present duty on wheels and emery grains should be reduced on the basis of a minimum tariff 25 per cent from the present rate. We are ready to allow the tariff to be lowered to the lowest possible point, which is now about 25 per cent ad valorem.

We believe in tariff reductions where the industries are established, but we are all believers in the protective policy of this Government, and here is a new industry, so far as the use of bauxite for aluminum is concerned, and it can not succeed without protection. Two dollars per ton will be about 40 per cent of its selling price, on a basis of a selling price of \$5 per ton. We believe French bauxite will still continue to be imported with this duty. This duty would not be highly

protective, but would furnish a good revenue to the Government and would give some encouragement to the American producer and give him a chance to compete at some distance from the Atlantic coast, where the freight rates will not make such an enormous difference.

With no apparent regard as to what becomes of the American bauxite industry, the Manufacturing Chemists' Association asks for the removal of the duty on bauxite. If the duty is removed, are they willing to have the duty removed on the products of bauxite?

We ask again for a \$2 per ton duty on bauxite.

WINTHROP C. NEILSON,
President.

FLUOR SPAR.

MARION, ILL., *November 30, 1908.*

HON. HENRY S. BOUTELL,
Washington, D. C.

DEAR SIR: In the interest of the development of the mineral resources of southern Illinois, I write you concerning a tariff on crude fluor spar. Foreign spar is being shipped here as ballast, then sold for \$6 to \$6.50, long ton, to the steel and iron foundries exempt of duty, and is injuring the domestic production and trade seriously. This is entirely unfair to the producers of fluor spar in this country, and can only be rectified by the imposing of a good stiff duty on foreign stuff. Any information we can supply will be gratefully given.

Yours, truly,

MARION FLUOR SPAR AND LEAD COMPANY,
H. D. NORRIS, *Secretary-Treasurer.*

GYPSUM.

HON. A. B. CAPRON, M. C., SUBMITS LETTER OF GEN. CHARLES R. BRAYTON RELATIVE TO GYPSUM.

WASHINGTON, D. C., *December 10, 1908.*

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR MR. PAYNE: Referring to our conversation regarding crude gypsum, I beg to inclose a letter from Gen. Charles R. Brayton, of Providence, R. I., advocating that the duty on Nova Scotia raw gypsum rock be removed for reasons stated by him. I would thank you to cause this letter to be made a part of the committee's record, and be given due consideration.

Very truly, yours,

A. B. CAPRON.

PROVIDENCE, R. I., *December 3, 1908.*

HON. ADIN B. CAPRON, M. C.
Second Congressional District, Stillwater, R. I.

MY DEAR SIR: As a consumer of gypsum-rock products I wish to respectfully ask that you use all your influence to have the duty on Nova Scotia raw gypsum rock removed.

Mrs. Brayton and myself own half of a land company owning and controlling a large number of tenements and other buildings about which there is almost constant need for a high-grade plaster. As I understand, the grade of plaster which we find is best suited for our use can only be made from the gypsum rock from Nova Scotia, upon which there is a duty of 50 cents a ton. I know that the quality of plaster made from the domestic gypsum is not sufficiently high grade to compete with the plaster made from the imported, and therefore it seems to me that the duty on the imported gypsum does not protect the American manufacturer in any way and is thereby a burden on the consumer. I am advised by my dealers that if the duty is taken off the imported gypsum I and all other consumers will receive the full benefit of the removal of the tariff.

I sincerely hope that the Ways and Means Committee will be convinced of the benefits which will accrue to the consumers if the duty is removed and that they will thereby recommend the removal of the tariff on Nova Scotia raw gypsum rock.

CHAS. R. BRAYTON.

Communications similar in purport to the above, opposing an increase of duty on gypsum, were received from the following: Saxton & Strong, Bristol, Conn.; the Yonkers Builders' Supply Company, Yonkers, N. Y.; L. W. Denenpeck, Schenectady, N. Y.

SPIRIT LEVELS.

HON. GEORGE N. SOUTHWICK, M. C., SUBMITS LETTER OF THEO. W. VAN HOESEN RELATIVE TO SPIRIT LEVELS.

ALBANY, N. Y., *December 9, 1908.*

HON. GEORGE N. SOUTHWICK,
Washington, D. C.

DEAR SIR:

* * * * *

I established my business here some ten years ago in the manufacture of spirit levels for scientific instruments and mechanical tools. I grind the levels with my patented machinery, consequently should be able to compete with most anyone, but this is not the case. as in Germany the levels are ground and fused in the burner by girls getting a couple of dollars a week, and with the conditions in this country against cheap labor, having to pay a large amount for labor and material here, it makes the profit very close. The duty on glass tubes, also spirit levels manufactured in Germany, are both the same. 45 per cent. With this difference in buying the tube with the same price of duty on the manufactured spirit levels I find it a hard matter to compete. I call your attention to this matter and ask you to use your influence in retaining the present duty, and if possible, to make the duty a little higher on the manufactured spirit level.

I trust you will take this matter up in my behalf, so that I may

be able to keep my men working with a reasonable margin of profit for myself.

Thanking you in advance for your attention and kindness in the matter, I remain,

Respectfully,

THEO. W. VAN HOESEN.

WINDOW GLASS.

NATIONAL WINDOW GLASS WORKERS SUBMIT SUPPLEMENTAL STATEMENT IN ADVOCACY OF PRESENT DUTY ON COMMON WINDOW GLASS.

CLEVELAND, OHIO, *December 8, 1908.*

HON. NICHOLAS LONGWORTH,
Washington, D. C.

DEAR SIR: Pursuant to my request to be permitted to submit a supplemental brief to the House Ways and Means Committee, I herewith offer the following as additional evidence in support of my claim that the present rate of duty on common window glass should be maintained, and that an advance on the first two brackets is absolutely necessary for protection to American window-glass workers.

To show the workings of the tariff upon window glass and its effect upon the window-glass workers, I make the following statement: When the Wilson tariff act went into effect in 1893, the window-glass workers immediately sustained a reduction of 40 per cent in wages, which remained in about that condition until the passage of the Dingley Act in 1897, at which time the workers received an advance of 50 per cent. Business remained good; work was plenty until the year of 1903, when the wages were decreased, owing to the advent of window-glass blowing machines and the consequent scare among the American hand manufacturers and the American jobber, the workers themselves becoming badly demoralized and unable to properly protect their own interests.

In 1904 the workers reorganized and secured a slight advance in wages. In 1905 an additional advance of 10 per cent was secured. In 1906 another advance of 8 per cent was secured. In 1907, owing to the near state of perfection reached by the blowing machines, the hand workers were compelled to adopt a sliding scale to enable their employers to compete in the American market with machine-made glass, the wages of the workers being determined monthly upon the average selling price of glass for the current month. Unfortunately, business depression, together with the financial stringency that followed, both hand and machine manufacturers were compelled to sell their product at a very low, almost a ruinous, figure. Under the sliding scale above mentioned the wages of the workers were correspondingly reduced and remained so practically throughout the year.

In the year 1908 (our annual wage scale being formulated during the months of July, August, or September) the workers were again compelled, owing to the continued business depression, to readopt a sliding scale, which is still in effect.

The above will show you that the tariff has been a great benefit to the window-glass workers, and without which the entire industry would, no doubt, be at the mercy of foreign product.

The importers in recommending a decrease in the tariff are looking solely to their own interests, a mere matter of bargain and sale, and are not considering or caring anything about the interests of others. The decrease in rates recommended by Mr. Goertner, representing the importers, if granted, will be such a calamity that would put a great many factories permanently out of business and would ultimately be the ruin of the industry.

I am making this plea in the interests of American industry and American labor, and I would earnestly recommend that Schedule B, glass and glassware, No. 101, be changed as follows:

	Cents per pound.
Unpolished cylinder, crown, and common window glass, not exceeding 10 10 by 15 inches square.....	1½
Above that and not exceeding 16 by 24 inches square.....	2½
Above that and not exceeding 24 by 30 inches square.....	2½
Above that and not exceeding 24 by 36 inches square.....	2½
Above that and not exceeding 30 by 40 inches square.....	3½
Above that and not exceeding 40 by 60 inches square.....	3½
All above.....	4½

Provided, That unpolished cylinder, crown, and common window glass imported in boxes shall contain 50 square feet, as nearly all sizes permit, and the duty shall be computed thereon according to the actual weight of the glass.

The above recommendation is made after a searching investigation, and upon the advice of both manufacturers and workers, for the purpose of creating a market in this country for an additional half million boxes of window glass, annually, of poor sizes and qualities, that is now being made abroad and dumped upon the American market, and which could and should be made by American workmen.

Respectfully submitted.

[L. S.]

A. L. FAULKNER, *President*.

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**SCHEDULE C.—METALS, AND MANUFACTURES OF.
ALUMINUM.**

**THE H. H. FRANKLIN MANUFACTURING COMPANY, SYRACUSE,
N. Y., THINKS ALUMINUM DUTY SHOULD BE REMOVED.**

SYRACUSE, N. Y., U. S. A., *December 8, 1908.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: As large users of aluminum we are interested in the tariff upon this article.

Our experience in purchasing aluminum leads us to conclude that the production and sale of this article in this country is largely a monopoly, while the methods of production allow the article to be produced more cheaply in this country than in any other; in fact, so cheaply that to some extent aluminum is exported to some European countries.

In view of the above, it is our opinion that the present duty of 8 cents per pound upon aluminum is a burden upon the consumer that should be removed.

The aluminum used by us is mainly purchased of the Aluminum Company of America, which has its office at New Kensington, Pa., with factories and branches in other parts of the country.

We ask that your committee fully investigate the matter of tariff upon aluminum and place upon it such a duty as will give proper consideration to the consumers of that article in this country.

Yours, truly,

H. H. FRANKLIN MFG. CO.,
H. H. FRANKLIN, *President.*

BRASS AND GLASS BASES.

**HON. A. B. CAPRON, M. C., SUBMITS LETTER OF THE PROVIDENCE
(R. I.) GAS BURNER COMPANY.**

WASHINGTON, D. C., *December 10, 1908.*

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives.*

MY DEAR MR. PAYNE: I inclose a letter from Mr. F. H. Manchester, treasurer of the Providence Gas Burner Company, 43 Hospital street, Providence, R. I., stating certain facts constituting a protest against a change in the tariff affecting the products of his industry,

which I think is worthy of being incorporated in the hearings of the committee.

Very truly, yours,

A. B. CAPRON.

PROVIDENCE, R. I., *December 9, 1908.*

HON ADIN B. CAPRON,

House of Representatives, Washington, D. C.

DEAR SIR: Referring to the contemplated revision of the tariff, will you kindly permit the writer to place before you certain facts that we believe entitles our company to protest against any changes in conditions that at present obtain?

Our company and factory, located at Providence, R. I., is taxed on a valuation of \$139,740. We employ from 125 to 250 males and females. We manufacture, exclusively, bases for incandescent electric lamps.

Our principal competitor is a corporation doing business under the name of "The Vitrite Works," located at Middelburg, Holland, Europe. The above company offer their product at such ridiculously low prices that the writer felt compelled to learn, if possible, under what conditions such low prices could be made, and to that end personally visited the above company in Holland in July, 1907, and met the manager of the company and compared costs of production with the following results:

Material costs approximately the same in Holland as in the United States. This was verified at Berlin, Germany, where cost was approximately the same.

Employees: 270 men, 60 boys, no females.

Wages: Highest wages paid to anyone in the factory, about \$7 per week, United States money, compared with ours at \$24 per week. Employees in one department comparing with ours receive 70 Dutch cents per day—equal to about 29 cents per day—while our lowest wages for the same work approximates \$1.50 per day.

Hours: They work ten hours per day; ours the same.

Factory: They occupy 40,000 square feet of floor space, with about 2 acres of ground which they lease from the town authorities of Middelburg at \$350 in United States money per year, which again appears to be a ridiculously small amount.

When the above is considered seriously it must occur to anyone that with the duties now assessed removed it would simply indicate the impossibility of our competing unless wages were reduced, and we believe you are familiar with labor conditions in this country and are satisfied that labor will not submit to a reduction in wages that will compare with that paid abroad, and consequently to reduce the duties on the goods manufactured by us will simply spell "chaos" for us.

We would most respectfully request you to use every effort to maintain the present rate of duty on this class of goods (brass and glass combined), and assure you we will appreciate whatever you will do to aid us to have the present duty maintained.

Yours, respectfully,

PROVIDENCE GAS BURNER CO.,
F. H. MANCHESTER, *Treasurer.*

COTTON TIES AND JUTE BAGGING.**THE NATIONAL COTTON ASSOCIATION, ATLANTA, GA., URGES
REPEAL OF PRESENT DUTIES ON THESE ARTICLES.**

ATLANTA, GA., *December 8, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As an official representative of the cotton-growing interests of the South I desire to file with your committee an urgent appeal for a speedy repeal by the Federal Government of the present duty on imported iron cotton ties and imported jute bagging used as a covering for cotton. It is quite evident that the American manufacturers of these two articles do not now require the present protective tariff levied as an import duty on these commodities. It should be borne in mind that the purchase of bagging and ties by the cotton growers of the South is a distinct and definite loss to them, as their customers, the spinners, both in this country and Europe, only pay for the actual weight of the lint cotton, tare being always deducted in the price of the original purchase from the growers. This being true, it should be the duty of the Federal Government to see that this very large class of its citizens should be protected against the unnecessary expenditures of their earnings for articles which are protected from outside competition by high and useless import duties.

The large American corporations which are at present engaged in the manufacture of these articles no longer need or require a protective tariff except for the purpose of annually increasing the net earnings or dividends on the capital invested in their plants and to prohibit competition. The very high duty of 22 cents per bundle on cotton ties has practically prohibited their importation. Under the present duty on jute bagging only about 15 per cent of jute bagging is imported annually, notwithstanding that raw jute is entirely grown abroad, and, furthermore, the western farmers get their binding twine duty free. The only real service of the present tariff on cotton ties and jute bagging is to enable a few large corporations in this country to stifle competition and force the growers of American cotton to pay abnormally and unnecessarily high prices to secure these articles.

I beg to call your special attention to this matter and hope to secure your favorable consideration of the appeal hereby entered.

Yours, respectfully,

HARVIE JORDAN,
President National Cotton Association.

ENGINE CYLINDER CASTINGS.

HARTFORD, CONN., *December 9, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to submit the following statement. As the time is so short we are obliged to make this statement without absolute facts. From our understanding of the present tariff on the class of goods in question, namely, gasoline engine cylinder castings, we understand these goods are admitted on a rough-casting schedule

which we believe to be unjust, as the common castings represent about one-third labor and two-thirds material; and in the case of cylinder castings the labor represented is about 70 per cent of the total cost of the casting. In view of this fact it appears to the writer that the classification under which these goods are admitted should be changed. We believe that the present tariff on the ordinary foundry product is adequate to the protection of the industry, but we can not believe that the same schedule should apply to a product which is so vastly different in its make-up. The labor employed in producing this class of goods must be of the highest possible standard, and the difference in the price paid these workmen is so great that we must produce at least double the amount of work in order to sell our goods at the same margin of profit. Any further information you may desire on this subject will be cheerfully furnished. We remain,

Very truly, yours,

THE CAPITOL FOUNDRY CO.,
F. W. STICKLE, *President*.

PIG IRON AND CAST SCRAP.

PORT CHESTER, N. Y., *December 8, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Being large consumers of pig iron and cast scrap, to the extent of 16,000 to 18,000 tons per year, we wish to enter a plea for the duty to be taken off both pig iron and cast scrap, for the reason we think that this would have a tendency to steady the market and not fluctuate as it has in the past. For instance, during June and July, 1905, the price was between \$14 and \$15 per ton; June and July, 1906, \$17 and \$18 per ton; June and July, 1907, \$23 to \$25 per ton. These prices were f. o. b. New York.

In the last-mentioned period there was no reason for an advance of from 30 per cent to 40 per cent on this commodity, as labor and material had not advanced to this extent, and we think if pig iron and cast scrap were duty free it would be a great benefit to the consumers, as the pig-iron interests at the present time are controlled to a great extent.

We trust you will do everything within your power to see that the duty is reduced or entirely abolished.

Thanking you in advance for any attention shown this subject, we remain,

Yours, respectfully,

ABENDROTH BROTHERS,
J. F. MILLS.

MICA.

HON. H. S. BOUTELL, M. C., SUBMITS LETTER OF GEORGE D. MILES,
NEWDALE, N. C., RELATIVE TO MICA.

NEWDALE, N. C., *December 2, 1908.*

Hon. H. S. BOUTELL,
Washington, D. C.

MY DEAR SIR: I take the liberty of writing you in regard to the duty on mica. It is not as high as in my judgment it should be.

There was \$1,000,000 produced in this country in 1907, and \$2,000,000 imported. The duty is too low and is also evaded. I am a Chicago man engaged here in mica mining, and we have to pay almost ten times as much for laborers here as they do in India, from which country large quantities of mica are imported. I have received letters from the solicitor of the customs department at New York asking if I would appear before the board of appraisers to explain the difference between cut and uncut mica, and in his letters he said there was no provision for expenses, and I would have to bear my own. I have agreed to go on to New York or Boston at any time upon ten days' notice. Now that the popular demand is for tariff revision and the duty will have to be reduced on some articles, it seems to me it would be nothing more than just to raise it on mica, as it must be raised on some articles in order to meet the requirements of the Government. If this should appeal favorably to you and you desire any information which it is in my power to give, do not hesitate to write me, and I will cheerfully comply. Don't you think we done well in electing three Republicans to Congress and cutting down the Democratic majority in this rock-bound old State?

Yours, truly,

GEO. D. MILES.

PLATINUM.

NEW YORK, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We are in receipt of copies of several petitions to your honorable body pertaining to the question of the duty on platinum partially manufactured, petitioning you, in revision of tariff schedule, to place a duty on all platinum products coming into this country, except on ingots of the metal approximately five-sixteenth inch thick by 2 to 4 inches wide and weighing about 100 Troy ounces.

Now, in justice to the interest of the consumer, as well as the greater number of manufacturers, we must enter a most vigorous protest against your giving favorable consideration to the petition in question.

One of the largest uses for platinum in this country is in the manufacture of porcelain teeth, in which we are engaged. Were a duty of 45 per cent, as is asked for, be imposed upon the platinum imported in shape of wire or in any form, except as the petition above indicated specifies, it would simply make it impossible for American manufacturers of porcelain teeth to compete with the European field, and very large loss of trade would result and many more employees in the United States would suffer loss than are engaged, or likely to be engaged, in all the platinum-manufacturing establishments that might be established here, as the petitioner for increase of duty elaborates upon.

THE DENTISTS' SUPPLY COMPANY,
By J. F. FRANTZ, *President.*

SAWS AND SAW PLATES.

HENRY DISSTON & SONS, PHILADELPHIA, PA., URGE RETENTION
OF PRESENT CLASSIFICATION.

PHILADELPHIA, December 5, 1908.

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We desire to enter with your committee our earnest request that no changes will be made in Schedule C, metals and manufactures, particularly with reference to paragraph 128, steel bands for band saws; paragraph 135, saw plates; paragraph 141, circular saw plates; and paragraph 168, saws.

The tariff with reference to these particular items has enabled us to build up a large and important business in this country, by which we are enabled to give employment to about 4,000 persons. Our work people are making good wages, living contentedly and peaceably, and, as evidence of this, we have been free from the disturbing influence and effect of strikes. The tariff protection which is furnished by the paragraphs above referred to is particularly beneficial to the working people, protecting them and enabling us to pay them the wages which they receive.

We do not know that any request has been made or any movement will be started to affect these particular items. If so, we would crave the liberty of being heard in defense and justification thereof.

Yours, respectfully,

HENRY DISSTON & SONS (INCORPORATED),
WM. MILLER, *Secretary*.

WIRE ROPE.

NEW ORLEANS, December 7, 1908.

HON. S. E. PAYNE,
*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: As large handlers of wire rope for logging purposes in this territory, we wish to call your attention to the duty on this class of wire.

It amounts to 40 per cent ad valorem and 1 cent per pound, which makes the duty on the rope we have to use 57½ per cent. We consider this absolutely unreasonable, but believe we only have to bring this up with you to have you give it your attention.

The sizes of rope used for logging purposes here are as follows: ½ inch, ¾ inch, 1 inch, 1½ inch, and 2 inch diameter. Rope is made generally with six strands, nineteen wires to the strand, with hemp center.

Yours, truly,

C. T. PATTERSON COMPANY (LIMITED).
C. T. PATTERSON.

SILVERWARE.

FIGURES SUBMITTED SHOWING COMPARATIVE LABOR COST IN
THIS COUNTRY AND ENGLAND.MERIDEN, CONN., *December 9, 1908.*

Hon. E. J. HILL,

Ways and Means Committee, Washington, D. C.

MY DEAR MR. HILL: Yours of December 8 duly received. I forwarded you the papers in question for you to use as you saw fit. Am perfectly willing that they should be filed with the committee and printed with the hearings.

I have given a great deal of thought to this matter, and have communicated with several manufacturers since I saw you, and am satisfied that it would be a very great injustice to the workmen of this country if the duty on silverware is reduced, as, if there is a reduction, it is bound to come out of the wages of the workmen and not out of the manufacturers, as the manufacturers are selling on the closest margin of profit possible consistent with good business sense.

With kind regards, and again thanking you for your interest in this matter,

Yours, very sincerely,

S. L. BARBOUR.

MERIDEN, CONN., *December 4, 1908.*

Hon. E. J. HILL,

Ways and Means Committee, Washington, D. C.

MY DEAR MR. HILL: As requested by you, I am sending you inclosed the figures shown you when in Washington, showing the difference in wages paid in the different departments; that is, the average wage paid in England as compared with that paid in American factories, and also showing our extreme prices.

Am also inclosing memorandum showing prices paid apprentices. This is a very important matter, as in the English factories they will average pretty nearly one apprentice to a workman, whereas we do not average in an ordinary American factory more than one apprentice to every fifty workmen. This is due to the fact that it is very hard in the United States to get boys to work at a trade, as they are not willing to work for a moderate wage for four years, knowing that at the end of such time they can make more money than they otherwise would, but they would rather take up a line of business where they can make more money from the beginning.

The English manufacturers are increasing their trade in the United States very much. At the present time the worst competition we have is on trays and double-locking vegetable dishes.

I am inclosing memorandum giving you an example of the difference in price on a vegetable dish that is sold very largely in this country by English manufacturers. You will see that with a duty of 45 per cent, to which should be added the cost of freight and marine insurance, which amounts to about 5 per cent, the Englishman is

enabled to lay his dish down in this country slightly under the cost to ourselves. On this particular item, and same applies to numerous other articles, a duty of 70 per cent would very little more than protect us.

The writer is satisfied that there is no manufacturer of silver-plated ware in the United States but what would regret it exceedingly if the tariff was in any way lowered, yet at the same time I do not know of any that desire to have it increased, and I trust that your honorable committee will allow same to remain as it now is.

One thing is certain; if the tariff is reduced it is bound to lead to a reduction of wages, for the reason that silverware is sold at a very close margin of profit and is very expensive to handle, and the manufacturer who clears 10 per cent profit at the end of the year is doing very well.

If there is any further information that I can give you, you know I am yours to command.

Thanking you for the courtesy extended to me when in your city. I beg to remain, with kindest regards.

EXHIBIT A.

Comparison of wages paid in the manufacture of silver-plated hollow ware between England and America, computed on a basis of a working day of ten hours.

	Average England.	Average America.	Highest America.
Casters	\$0.85	\$2.00	\$2.50
Stampers	2.00	2.50	2.75
Spinners	1.68	3.00	3.75
Buffers	1.50	3.00	3.50
Solderers	1.50	3.00	3.75
Piercers	2.00	3.50	3.50
Chasers	1.68	3.25	4.00
Engravers	1.68	3.00	3.50
Platers	1.68	3.50	4.50
Burnishers	a .35	b 2.50	3.00
	14.92	29.25	34.75
Average, 10 departments	1.49	2.92	3.47
Boys	c .15	d .83	
Girls	c .12½	e 1.00	
	.27½	1.83	
Average .....	.14	.91	

a Girls.
b Men.

c Twelve to 15 years.
d Sixteen to 18 years.

e Eighteen years and above.

APPRENTICES.

	England.	America.
First year	\$0.28	\$0.67
Second year .....	.58	.83
Third year .....	.48	1.00
Fourth year .....	.58	1.17
Bonus for faithful service		\$75.00
Fifth year .....	.68	b 2.50
Sixth year .....	.78	b 3.00
Seventh year	a 1.00	b 3.50
	4.18	12.67
Average .....	.59	1.81 and 376

a Terminates. b Regular wages according to ability.

Comparison of wages paid in the manufacture of silver-plated hollow ware between England and America, etc.—Continued.

AVERAGES.

	England.	America.
Skilled.....	\$1.75	\$3.00
Unskilled.....	.75	1.75
Girls.....	.12½	1.00
Boys.....	.15	.83
Apprentices.....	.69	1.81
Grand average.....	1.25	2.50

ARGUMENT.

Provided factories in England were equipped with the same facilities and machinery, capital invested, and the workmen produced the same amount of work per man per day as in America, any and all articles where the labor amounts to 60 per cent or over of the cost could be profitably imported under the present tariff. These articles comprise about 75 per cent of our production at the present time. Thus the tariff for our protection should be raised to 70 per cent ad valorem, but we do not ask it.

EXAMPLE.—*Double interlocking vegetable dish.*

	England.	America.
Nickel silver, 2½ pounds *.....	\$0.94½	\$1.23½
Labor.....	1.61	3.03
	2.45½	4.25½
Duty, 45 per cent; freight and insurance, 5 per cent.....	1.23	
	3.68½	3.68½
In favor of England.....		.57

* England, 27 cents per pound; America, 35 cents per pound.

This article sells for \$6 net, from which must be deducted the cost of selling, packing, collecting, bad debts, etc.

	England.	America.
Cost.....	2.45½	4.25½
Duty, 70 per cent; freight and insurance, 5 per cent.....	1.84	
	4.29½	4.25½

S. L. BARBOUR,
Secretary Executive Committee International Silver Company.

SCHEDULE I.—COTTON, AND COTTON MANUFACTURES.

CORSETS.

THE CORSET MANUFACTURERS' ASSOCIATION OF THE UNITED STATES ASKS ADEQUATE PROTECTION.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to submit to you on behalf of the Corset Manufacturers' Association of the United States, an association having among its members all the large corset manufacturers of the country, the fact that corsets should be properly and adequately protected.

There is absolutely no trust or combination among corset manufacturers and the freest competition prevails.

There is from \$12,000,000 to \$15,000,000 invested in this industry in the United States, and the production is about \$25,000,000 per year, and there are about 25,000 people employed in the manufacture of these goods.

The wages paid for labor entering into the manufacture of corsets or corset materials abroad are seldom more than one-third of the price of labor paid here and never as much as one-half, and as the value of the labor on the corset is about 50 per cent of the cost and materials about the same you will readily understand that the point where protection begins at the present time and where it ends is a very fine one, and the corset manufacturers feel that corsets should be adequately protected in view of the fact that materials are so largely taxed, and the labor paid in foreign countries being such a very small percentage of what is paid to the same class of operatives in this country the duty should remain as now; but if the rate of duty on imported materials entering into corsets should be reduced a corresponding reduction could be made in the rate of duty on the finished article. There are certain materials entering into the manufacture of fine corsets (which at the present time come into closest competition with the foreign makers), such as yarn-dyed and yarn-bleached cloths, laces and embroideries, fine silk materials, etc., most of which are not made in this country at all, and when made in this country are made at a price just under the price of imported materials.

We therefore present the following schedule of duties on materials and the difference in the rates of wages, maintaining that no smaller rate of duty on corsets would give any protection to American labor or to American corset manufacturers.

The following are the rates of duty on the principal corset materials:

Cotton cloth, 35 to 40 per cent; silk corset materials, 50 to 60 per cent; wool cloths, 60 to 100 per cent; thread, 40 to 100 per cent; corset

clasps, 45 per cent; corset wire, 45 per cent; corset wire stays, 45 per cent; corset lace, 60 per cent; corset edgings and embroideries 60 per cent; corset lacers, 60 to 75 per cent; silk ribbons, 50 per cent.

SKILLED AMERICAN WORKMEN IN CORSET FACTORIES.

Skilled male cutters earn from \$12 to \$21 per week; skilled sewing-machine operators, from \$7 to \$13.50 per week; skilled hand operators, from \$6 to \$12 per week; skilled examiners, from \$6 to \$12 per week; skilled overseers (female), from \$9 to \$25 per week; skilled overseers (male), from \$15 to \$40 per week; skilled designers, from \$25 to \$100 per week; skilled boners, from \$6 to \$10 per week; skilled corset pressers, from \$12 to \$21 per week.

WAGES PAID IN FOREIGN COUNTRIES.

England.

Wages paid in corset factories in Portsmouth, England, show: Cutters, \$3.50 to \$8.50 per week; sewing-machine operators, \$1.50 to \$3.50 per week; hand operators, \$1 to \$2.50 per week; examiners, \$1 to \$2.50 per week; overseers (female), \$2 to \$6 per week; shippers, packers, etc., \$3 to \$6 per week.

Further English prices show: Cutters, 20 shillings per week; stitchers, 8 to 16 shillings per week; boners, 8 shillings per week; pressers, 12 shillings per week; trimmers, 7 to 8 shillings per week.

Similar rates of wages apply to the manufacture of the component parts of corsets.

Germany.

Four of the largest corset manufacturers in Germany report average wages of experienced operators about 3 marks 50 (84 cents) per day, or about \$5 per week, and the average throughout the factory is about 2 marks 10 (50 cents), or about \$3 per week. Heads of departments 4 to 6 marks, or about \$6 to \$9 per week.

The report from Saxony, where a large number of corsets are manufactured, shows that wages are a trifle lower than they are in the centers just noted.

Further information shows that in Germany German corset industries pay about 62 cents per day for a day of twelve to fourteen hours.

In Constatt experienced stitching operators (female) earn from 8 to 12 marks per week, or \$2 to \$3; experienced cutters (men), 15 to 20 marks per week, or \$3.75 to \$5; first-class designers, 30 to 40 marks per week, or \$6.50 to \$10.

Corset manufacturers having their factories in small towns and who make cheap goods pay from 20 to 33 per cent less than prices quoted.

Belgium.

Reports from Brussels state that operatives earn from 2 to 5 francs per day; country districts, from 1½ to 2½ francs; cutters, from 5 to 7 francs.

Respectfully submitted.

American Lady Corset Company, Detroit, Mich.; Artists'
Model Corset Company, Cleveland, Ohio; Aurora

Corset Company, Aurora, Ill.; George C. Batcheller & Co., Bridgeport, Conn.; Bay State Corset Company, Springfield, Mass.; Joseph Beckel & Co., Brooklyn, N. Y.; Benjamin & Johnes, Newark, N. J.; Birdsey, Somers Company, Bridgeport, Conn.; Brewster Corset Company, Derby, Conn.; H Corset Company, Worcester, Mass.; Crown Corset Company, Bridgeport, Conn.; Downer, Hawes & Co., Bridgeport, Conn.; Empire Corset Company, McGraw, N. Y.; Ferris Bros. Company, Newark, N. J.; Gage-Downs Company, Chicago, Ill.; H. & W. Company, Newark, N. J.; E. H. Horwood & Co., New York, N. Y.; Jackson Corset Company, Jackson, Mich.; Kabo Corset Company, Chicago, Ill.; Kalamazoo Corset Company, Kalamazoo, Mich.; Kops Bros., New York City, N. Y.; Lay & Way Company, New York City, N. Y.; Linehan Corset Company, Worcester, Mass.; Massachusetts Corset Company, Worcester, Mass.; A. P. McGraw Corset Company, McGraw, N. Y.; I. Newman & Sons, New Haven, Conn.; Olmstead-Quaboag Corset Company, West Brookfield, Mass.; R. & G. Corset Company, South Norwalk, Conn.; Royal Worcester Corset Company, Worcester, Mass.; The Sahlin Company, Chicago, Ill.; The Spirella Company, Meadville, Pa.; Strouse, Adler & Co., New Haven, Conn.; I. Strouse & Co., New Haven, Conn.; Van Orden Corset Company, Newark, N. J.; Warner Bros. Company, Bridgeport, Conn.; E. J. Weeks Company, Jackson, Mich.; Weingarten Bros., Newark, N. J.

JOSEPH BECKEL & CO., NEW YORK CITY, THINK THE PRESENT DUTY ON CORSETS PROHIBITIVE.

NEW YORK, November 25, 1908.

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: In reference to tariff on corsets, we are both importers and manufacturers and are aware that a committee representing the corset association will appear before you.

It is our opinion that the corset industry since the passage of the present tariff have found sufficient machinery to enable them to produce the goods at a much lower rate, while the laboring class has benefited but little as regards wages, etc.; furthermore, all the large houses have been very successful and amassed quite a fortune. The entire importation is a very small amount compared with former years and is constantly growing less, due to a prohibitive tariff. The importation of cheaper goods has entirely disappeared, and in finer goods the American manufacturers have made great headway. We feel that a duty of 40 per cent would more than protect home productions.

Yours, truly,

JOS. BECKEL & CO.

COTTON.

**HARVIE JORDAN, ATLANTA, GA., REPRESENTING ASSOCIATION
OF COTTON PRODUCERS, ASKS FOR DUTY ON RAW COTTON.**ATLANTA, GA., *December 7, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As president of the Sea Island Cotton Association and the National Cotton Association, which two organizations embrace a very large element of cotton growers engaged in the production of sea-island and long-staple cotton in the Southern States, I respectfully beg to file an appeal with your committee for the speedy enactment of an amendment to our present tariff laws by which an import duty of not less than 40 per cent shall hereafter be imposed on the market valuation of all foreign raw cotton imported to America which can be used as a substitute or competitor by American mills against similar grades raised in this country. The southern cotton growers of sea-island and long-staple varieties earnestly desire the levy of this import duty by the Federal Government in view of the fact that the heavy and constantly increasing annual importations of Egyptian raw cotton into this country by American manufacturers is becoming a serious menace to the production of such grades of cotton in this country. In 1907 the importations of Egyptian long-staple cotton was 90,000 bales, which was 10,000 bales in excess of the total production of sea-island cotton in the States of Georgia and Florida for the same period. These importations are constantly on the increase and seriously affect the price of not only the sea-island productions of Georgia, Florida, and South Carolina, but between 300,000 and 500,000 bales of long-staple cottons annually produced in the Mississippi Delta and territories adjacent thereto.

It is altogether unfair to give high protection to American manufacturers against the shipment of manufactured cotton goods from abroad into this country and at the same time allow the importations of raw cotton into this country duty free. American mills under this process are protected against competition from foreign mills, while they are given the power to regulate the price of sea-island and long-staple cotton raised in this country by the importation of Egyptian varieties of raw cotton duty free. Under this system the highly civilized and progressive American farmer is made to compete with the practically enslaved peasantry of Egypt. We do not believe that these conditions represent the true policy of the American Government. Either the protective duties favoring American manufactured cotton goods should be wiped out entirely and the American mill owners placed on a parity of competition with American cotton growers or a duty of at least 40 per cent of the market value of all grades of Egyptian and other foreign-grown cotton should be levied against the importations of such cottons into this country. There are many mills in America to-day which are using only Egyptian cotton, which they receive at their mills duty free, while the finished product of their mills is protected by a duty of from 40 to 60 per cent against the competition of similar products manufactured abroad.

The southern cotton growers of these varieties are asking for a fixed duty of 10 cents per pound on all grades of Egyptian cotton shipped into this country. Such a duty would at once mean an increased demand for long-staple varieties in this country by American mills, and would stimulate production of these varieties, especially in the Delta of the Mississippi, where competition with Egyptian cotton under existing conditions is not profitable.

This is a plain presentation of the case, and the fixing of a duty as requested would mean the increase of many millions of dollars annually to the producers of sea-island and long-staple cotton without injury or detriment to American manufacturers. We hope to secure your favorable indorsement of the proposition herewith submitted.

Yours, respectfully,

HARVIE JORDAN,
*President Sea Island Cotton Association;
President National Cotton Association.*

**C. LEE M'MILLAN, NEW ORLEANS, SUBMITS STATEMENT OF
AVERAGE PRICE OF COTTON SINCE 1890.**

NEW ORLEANS, *December 4, 1908.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: It now affords me much pleasure to hand you herewith as promised when I had the honor of appearing before your committee on Monday last, a statement giving the average price of cotton each year at the ports since 1890 up to present year; also to-day's quotation of middling cotton in New Orleans.

* * * * *

Yours, respectfully,

C. LEE McMILLAN.

NEW ORLEANS, *December 3, 1908.*

C. LEE McMILLAN, Esq.

DEAR SIR: Pursuant to your verbal request of to-day, I append below average prices of cotton for the United States for periods named, according to the official records of the New Orleans Cotton Exchange, viz:

	Cents per pound.
1890-91.....	8.60
1891-92.....	7.30
1892-93.....	8.40
1893-94.....	7.50
1894-95.....	5.92
1895-96.....	8.18
1896-97.....	7.32
1897-98.....	5.64
1898-99.....	5.25
1899-1900.....	7.65
1900-1901.....	9.33
1901-2.....	8.60
1902-3.....	8.82

	Cents per pound.
1903-4-----	12. 94
1904-5-----	8. 85
1905-6-----	11. 70
1906-7-----	10. 55
1907-8-----	11. 42

The price of middling cotton in New Orleans to-day (December 3, 1908), according to the official quotations of the New Orleans Cotton Exchange, is $8\frac{1}{8}$ cents per pound. Of course the above are not the farm values, but the average of the different markets.

Yours, very truly,

HENRY PLAUCHE,
Assistant Secretary.

COTTON CORDAGE.

THE SAMSON CORDAGE WORKS, BOSTON, MASS., SUGGEST A REDUCTION IN THE PRESENT DUTY.

BOSTON, MASS., *November 28, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: In accordance with the suggestion from the American Protective Tariff League, we submit to you the following facts with regard to the cotton cordage tariff. The Dingley tariff, Schedule I, paragraph 320, makes the duty 45 per cent. The duty on cotton cordage into Canada is 25 per cent. Either rate is prohibitive. We would be equally willing to have the United States duty reduced to 25 per cent, to be like the Canadian duty, or to have no duty at all either way. There is to-day only one mill in Canada making exactly the same class of goods that we do and they supply the whole of the Canadian trade, but we need no protection against them if we have equal rights in their market.

A much more moderate tariff than the present one would protect us against cheap English or German competition.

Yours, very truly,

SAMSON CORDAGE WORKS,
HERBERT G. PRATT,
Treasurer.

COTTON SMALL WARES.

THE FLETCHER MANUFACTURING COMPANY, PROVIDENCE, R. I., ASKS RETENTION OF PRESENT DUTIES ON SPINDLE BANDING, WICKING, AND LACINGS.

PROVIDENCE, R. I., *November 19, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: As manufacturers of cotton small wares, i. e., boot, shoe, and corset lacings, lamp and stove wicks, tapes, and webbings,

we beg leave to state our position as to the revision of paragraph 320, Schedule I. Our records show that under the present tariff law wages have steadily risen, while our selling prices have shown a steadily declining tendency. There is no trust or combination among the manufacturers of the above goods, and from the nature of the business it is difficult to see how one could be formed. In a broad way the effect of the present paragraph is to prevent the importation of coarse goods while allowing fine goods to be freely brought in, chiefly from Germany, where the rate of wages is about one-third of our scale.

We do not ask for any protection which guarantees us a profit, but we do ask protection against the low wages of continental Europe. Should the tariff on our goods be reduced materially, there is only one way in which we could meet the situation, and that is by making a corresponding cut in our wage scale. The average profit for the last ten years on our goods has been less than 10 per cent, and we believe that no reasonable man will say that this is excessive.

Specifically, we urge that the tariff on spindle banding, woven, braided, or twisted lamp, stove, and candle wicking, made of cotton or other vegetable fiber, be left as in the present law, viz, 10 cents per pound and 15 per cent ad valorem, as under this rate goods can be imported at a profit whenever our domestic prices advance beyond a certain point.

We also urge that the tariff on boot, shoe, and corset lacings, made of cotton or other vegetable fiber, be left as in the present law, viz, 25 cents per pound and 15 per cent ad valorem. As stated above, this rate of duty allows the free importation of fine goods.

In conclusion, allow us to repeat that in this industry at least the tariff is just a question of wages, and if you cut down the tariff materially a reduction in wages must inevitably follow.

Very respectfully, yours,

FLETCHER MANUFACTURING CO.,
J. O. AMES, *Secretary*.

COTTON THREAD.

THE COTTON-THREAD MANUFACTURERS OF THE UNITED STATES URGE RETENTION OF PRESENT DUTY.

NEW YORK, *November 25, 1908.*

To the COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

HONORED SIRS: At a general meeting of the cotton-thread manufacturers of the United States, at which 25 were represented, the undersigned were unanimously appointed a committee to lay the views on the tariff of the said cotton-thread manufacturers before your honored body. This committee now begs to submit that the present tariff on cotton thread is absolutely required to enable the American manufacturers to compete with the lower-priced products of other countries, and that it is primarily a protection of American

labor, its views in this connection being based on the following facts and conditions.

The following are the principal factors entering into the cost of manufacture—

Labor.—Schedule A, attached hereto, shows a comparison of the wages paid in this country with those of the principal thread manufacturers of Europe, as per report of United States Commissioner of Labor for 1900 (this being the latest report published). This shows that American wages are from 100 per cent to 200 per cent higher than those of England and from 200 per cent to 400 per cent higher than those of Belgium.

Cotton.—The American manufacturer has no practical advantage in the cost of American-grown cottons, as the ocean freight to Europe is very low, having at times been lower than the cost of freight to New England points. The freight on Egyptian cottons, which are very largely used for thread purposes, is slightly higher to the United States than to Europe.

The cost of mill supplies is estimated to be from 25 per cent to 40 per cent in excess of the European costs.

Fixed charges.—The cost of buildings and machinery being materially higher in America than Europe, the American manufacturer is burdened with much greater charges for interest, depreciation, etc.

Operation of present tariff.

The tariff on cotton threads is 6 cents per dozen of 100-yard units. This makes 12 cents per dozen of six-cord 200 yards, which is the standard article used in American homes. As per Schedule B, attached hereto, the selling prices of American manufacturers range from 35 cents to 47 cents net per dozen, comparing with corresponding English and Belgian prices from 18 cents to 33 cents per dozen, or, present duty added, from 30 cents to 45 cents. This proves that the present tariff on sewing cotton is not prohibitive; on the contrary, it gives ample opportunity for the importation of thread, and it is only the reputation and popularity of the American trade-mark which enable the American manufacturers to retain their trade under present conditions. In addition to the thread used for home consumption, there are large quantities of thread used in factories manufacturing clothing, shoes, shirts, corsets, straw hats, etc. Generally speaking, trade-marks are of less value with this trade, and this branch of the thread business is therefore more open to attacks from competition and needs greater protection.

Condition of cotton-thread trade.

Competition among American manufacturers is very keen, and the margins of profit on many lines are reduced accordingly; in fact, in some cases goods are sold at net cost. In the last few years the number of thread manufacturers in the United States has increased largely, and any reduction of duty would be a particular hardship to these new makers, whose business is not yet protected by reputation or trade-marks to the same extent as that of the older manufacturers. (We attach Schedule C, covering the cotton-thread

manufacturers of the United States.) Under the circumstances, any change in the tariff which will enable foreign competition to sell below the prices now ruling will be disastrous to the American cotton-thread industry, and will mean a large reduction of wages and the closing of many mills.

Export trade.

For the reasons explained in the paragraph headed "Manufacture of cotton threads" it is impossible for American manufacturers to compete in foreign markets. The export business done from the United States is absolutely insignificant, and whatever is exported is sold at the full United States market prices, f. o. b. American ports.

The facts and conditions as set forth in the foregoing memorial we trust will fully explain the status of the cotton-thread industry in this country and its great need for the present tariff protection, and we earnestly pray that your honored committee will make no change in the present tariff on cotton thread.

We are, with the greatest respect,

Your obedient servants,

W. H. HALL,
Representing Gardiner Hall, jr., & Co.,
South Wellington, Conn.

BLODGETT & ORSWELL COMPANY,

E. W. ORSWELL, *Treasurer.*

FLOYD CRAUSKA COMPANY.

FLOYD CRAUSKA, *Treasurer.*

THE SPOOL COTTON CO.,

THEODORE FRELINGHUYSEN, *Treasurer.*

R. C. KERR,

Of American Thread Company, New York.

EXHIBIT A.

Comparison of cotton-thread mill wages, United States and Europe.

	United States.	England.	Belgium.
Card room:			
Overseer.....	\$32.50	\$9.50	\$11.25
Picker tend.....	7.75	4.56	(?)
Clean and strip cards.....	7.80	5.00	(?)
Grind and set.....	10.00	5.10	2.80
Tend cards.....	7.70	8.00	2.58
Tend sliver lap.....	6.90	4.86	(?)
Tend ribbon lap.....	6.75	4.86	(?)
Tend combers.....	6.60	3.65	3.18
Tend draw.....	6.60	4.25	2.88
Doff speeders.....	6.00	2.16	1.05
Carry bobbins.....	4.50	4.86	2.58
Tend slubbers.....	8.25	4.32	1.62
Tend intermediates.....	9.00	4.44	2.40
Tend roving.....	8.25	4.44	2.40
Tend jacks.....	7.75	3.54	2.40
Mule spinning:			
Overseer.....	27.50	10.68	4.20
Spinner.....	21.00	9.00	4.92
Doffer.....	(?)	2.16	1.05
Carry.....	9.00	4.86	2.58

^a Includes creelers and back boys.

Comparison of cotton-thread mill wages, etc.—Continued.

	United States.	England.	Belgium.
Cop winding:			
Winders.....	\$8.75	\$2.88	(?)
Ring twisting:			
Overseer.....	27.50	7.44	(?)
Section hands.....	11.50	3.42	\$5.88
Twisters.....	7.10	4.14	4.14
Doffers.....	5.25	2.16	1.06
Reeling:			
Reelers.....	8.50	3.54	2.46
Finishing:			
Dyers.....	10.40	5.58	6.18
Bleachers.....	10.40	4.74	2.82
Spoolers.....	8.75	3.33	(?)
Dressers.....	14.25	7.92	3.12

EXHIBIT B.*Manufacturer's selling prices, 5-cord, 200-yard spools, United States and Europe.*

	Cents per dozen, net.
J. & P. Coats, O. N. T., Mile End, 58 cents list price, less discounts.....	47.06
Brooks, 55 cents list price, less discounts.....	42.24
Chadwick, 54 cents list price, less discounts.....	42.20
Merrick, Willimantic, 60 cents list price, less discounts.....	42.20
Fields, 45 cents list price, less discounts.....	41.85
Charter Oak.....	40.00
Ideal.....	40.00
J. J. Clark's, 42 cents list price, less discounts.....	37.00
Warburton, 40 cents list price, less discounts.....	39.20
Western.....	41.00
Lamb.....	35 to 40.00

The last seven brands are believed to be sold in large quantities at lower prices than quoted above.

E. S. C. Co., net, \$3.97 per gross, or 33.08 cents per dozen—with United States duty added.....	45.08
British Thread Company, Cardigan Mills Company, and Walter Evans, net, \$2.93 per gross, or 24.42 cents per dozen—with United States duty added.....	36.42
Hicks Bullick Company, and Walker, net, \$2.82 per gross, or 23.50 cents per dozen—with United States duty added.....	35.50
Melville, net, \$2.35 per gross, or 19.58 cents per dozen—with United States duty added.....	31.58
Sandeman, net, \$2.77 per gross, or 23.08 cents per dozen—with United States duty added.....	35.08
Storey, net, \$3.19 per gross, or 26.58 cents per dozen—with United States duty added.....	38.58
Storey, net, \$2.53 per gross, or 21.08 cents per dozen—with United States duty added.....	33.08
Lowest German, net, \$2.66 per gross, or 22.17 cents per dozen—with United States duty added.....	34.17
Lowest Belgian, net, \$2.18 per gross, or 18.17 cents per dozen—with United States duty added.....	30.17

EXHIBIT C.*Cotton thread manufacturers of the United States.*

Albaugh-Dover Company (Incorporated), proprietors of Western Thread Company, Chicago, Ill.; American Thread Company, New York, N. Y.; Ballou Yarn Company, Providence, R. I.; Bay

State Thread Works, Springfield, Mass.; Bibb Manufacturing Company, Macon, Ga.; Blodgett & Orswell Company, Pawtucket, R. I.; Boas Thread Company, Stamford, Conn.; Bullard Thread Company, Holyoke, Mass.; Cairo Thread Works, New York, N. Y.; Chicago Thread Manufacturing Company, Chicago, Ill.; C. H. Crawley, New York, N. Y.; Cranska Thread Company, Worcester, Mass.; Dexter Yarn Company, Pawtucket, R. I.; Diamond Thread Company, New York, N. Y.; Eastern Thread Company, New York, N. Y.; Isaac Einhorn, New York, N. Y.; Florence Thread Company, Florence, N. J.; Globe Thread Company, New York, N. Y.; Green & Daniels Manufacturing Company, Pawtucket, R. I.; Gudebrod Brothers (headquarters New York City), Pottstown, Pa.; Gardiner Hall & Co., South Willington, Conn.; Hoard Manufacturing Company, Boston, Mass.; Hughes Manufacturing Company, Philadelphia, Pa.; Jenckes Spinning Company, Pawtucket, R. I.; Lamb Thread Company, Chicago, Ill.; Lawton Spinning Company, Pawtucket, R. I.; Locke Brothers, Boston, Mass.; H. E. Locke & Co., Boston, Mass.; Massachusetts Thread Company, Cincinnati, Ohio; J. C. Meyer & Co., Boston, Mass.; New England Cotton Yarn Company, Boston, Mass.; New York Tube and Spool Cotton Company, New York, N. Y.; Max Pollack & Co. (headquarters New York City), Willimantic, Conn.; Reliable Manufacturing Company, Central Falls, R. I.; Rhode Island Thread Mills, New York, N. Y.; Roxbury Shoe Thread Company, Roxbury, Mass.; Samoset Company, Valley Falls, R. I.; Smith & Dove Manufacturing Company, Andover, Mass.; Spool Cotton Company, New York, N. Y.; Standard Thread Company (headquarters New York City), Westfield, Mass.; Summit Thread Company, East Hampton, Conn.; Sterling Thread Company, Boston, Mass.; Shaker Thread Company, Pawtucket, R. I.; Sewing Thread Company, Pawtucket, R. I.; Seamans & Cobb Company, Boston, Mass.; Union Thread Company (G. A. Springmeier), Cincinnati, Ohio; Upham Bros. & Co., Philadelphia, Pa.; Wachusett Thread Company, Worcester, Mass.; William Warren Thread Works, Westfield, Mass.; Warburton Thread Company, Pawtucket, R. I.; John W. West & Co., Boston, Mass.

COTTON AND TINSEL FABRICS.

PASSAIC, N. J., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We wish to call your attention to certain concrete facts which are particularly important as representing general conditions affecting the revision of the tariff. We are manufacturers of tinsel bands used in the put-up of fine cotton goods. Prior to our entering the field this article was wholly imported. The raw material, i. e., tinsel wire, is imported. The average wages paid in France are 50 cents a day, against 200 cents a day here. The duty cent, is to handle our orders more promptly, to turn over in a fraction of a day here.

The only way for us to do business, even with a duty of 45 per cent is to handle our orders more promptly, to turn over in a fraction of the time necessary to the foreigner.

The figures speak for themselves.

HARRIS MANUFACTURING CO.,
ARTHUR O. HARRIS, *President*.

ELASTIC WEBS, SUSPENDERS, AND GARTERS.

VARIOUS AMERICAN MANUFACTURERS OF THESE GOODS ASK RETENTION OF PRESENT DUTY.

EASTHAMPTON, MASS., November 30, 1908.

HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

Washington, D. C.

DEAR SIR: As general manager of one of the largest manufactories of elastic webs in the United States, I desire to lay before your honorable committee the following reasons why the tariff on such goods should not be lowered in any particular.

In doing so I would state in the first place the nature of the goods manufactured: Elastic gorings, beltings, suspender and garter webs, cords, and braids. These are goods composed of india-rubber thread, silk, cotton, mercerized and glazed yarns. These manufactures are covered by Schedule I, paragraph 320, of the tariff law of 1897.

In the second place, as there is nothing in the nature of a combine or trust among the manufacturers of this class of goods, but, on the contrary, keen competition among them, I am unable to give even an approximate estimate of their production in the United States. It is, however, unquestionably very large. Judging from the three companies operating in this town, the capital employed in the industry must be many millions and gives employment to a large number of operatives. These operatives are earning good wages, and any reduction of duty would certainly be very injurious to them, as we already have a very strenuous competition with imported goods, the product of the very much cheaper labor of European manufacturers.

Having spent about six months during the last three summers in England, I devoted some attention to the difference that prevails in the conditions of manufacturing elastic fabrics there as compared with the United States. At least 80 per cent of the employees in the elastic-web manufacturing industries of the United States are adults and all of them earn good wages, while, on the other hand, most of the operatives in England are young persons, from 12 to 18 years of age—boys and girls. For each shilling they earn our employees earn a dollar. In many cases the fathers of the young persons who were at work in these industries were out of employment, and I would respectfully beg you to protect the American fathers and mothers from such a condition. We do not desire to give preference to young persons as employees over adults, and we trust that you will, in your wisdom, protect us from such a necessity.

It is not necessary for me to remind you that the yarns that they use are very much lower in cost than what we have to pay; in fact, we have had to import at various times many hundred thousand pounds of yarn from England to use in our manufacturing. The English web manufacturers can buy it, less the duty on cotton yarn and the transit. Even if we could employ the cheap labor above referred to we would still be unable to compete with England, because of the duty we pay on imported yarn. What is more desirable and what we will pay with pleasure is a price for American yarns that will enable American spinners to pay American wages.

Confidently believing that, in the interest of the working people, you will do justice, I am,

Very respectfully,

GEO. ASTILL, *General Manager.*

PHILADELPHIA, November 28, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: We are producing annually about 7,000,000 pairs suspenders and garters, and are interested in Schedule I, paragraphs 320 and 371, of our present tariff. Ten years ago we were buying foreign fabrics quite freely, and foreign-made suspenders and garters were imported into this country freely. Under the protection which we now enjoy our purchases on foreign fabrics have been reduced to a point where they are practically nil, and likewise imports of foreign-made suspenders and garters have been reduced to a minimum. We are exporting suspenders and garters made from American fabrics to almost every part of the world.

The object of this letter is to request your committee to give consideration to these facts. Our business has trebled in the last ten years and is steadily expanding, giving employment to many hundreds of employees and producing daily sales of \$5,000.

We use leather in large quantities and would favor free hides.

Yours, truly,

PIONEER SUSPENDER COMPANY.
FRANK A. FREEMAN.

EASTHAMPTON, MASS., December 1, 1908.

HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

Washington, D. C.

MY DEAR SIR: As you invite information, will say I have been in the elastic manufacturing business forty-three years, twenty-two years of this time for myself.

I hope the tariff on elastic webs, cords, and braids will not be decreased, as we have a large stock of goods, as well as idle looms and braiders, even as it is now.

The largest trade import a large part of their goods, and we have more risk with high-priced help working fifty-eight hours per week.

The goods are perishable and the life of rubber uncertain; so it is an anxious business and should have all the protection possible.

Yours, very truly,

GEO. S. COLTON.

HANDKERCHIEFS.**AMERICAN MANUFACTURERS OF COTTON AND LINEN HANDKERCHIEFS URGE RETENTION OF PRESENT DUTY ON THEIR PRODUCT.**

WAYS AND MEANS COMMITTEE,

House of Representatives:

The undersigned are manufacturers in the United States of handkerchiefs made from cotton and linen and are interested in sections 312, 339, 345, and 346 of the tariff act of 1897. Under the rates of duty imposed by these various sections the industry has flourished. They are the consumers of cotton and linen, laces and embroideries, which go to make up the various grades of handkerchiefs manufactured here. Not only has the industry grown during the last eleven years, but the article turned out has been cheapened to the ultimate consumer, the product itself been bettered, and a great army of men and women have had employment at good wages.

As to section 312.—Under this section unmanufactured cotton handkerchiefs pay a specific duty no less than 45 per cent ad valorem, being the same rate as the piece goods, and when hemstitched or otherwise improved there is a differential of 10 per cent, and a further differential of 15 per cent when initialed, embroidered, or trimmed. It is absolutely essential to the life of the industry in this country that this differential be maintained. Any change which should not provide the 10 and 15 per cent increase in the manufactured article over the piece goods would bring American labor in this line in direct competition with the labor, for instance, at St. Gall, Switzerland. The difference in labor cost here and there is about 125 per cent, and to take off or modify this paragraph without retaining the correlative differential, as here indicated, will mean a sacrifice of the women who are working in this trade.

As to section 339.—This is the general section covering laces and embroideries and, among other things, handkerchiefs, and from this section the Government has derived an enormous revenue; under this, more than any other section of the tariff act, is shown the tremendous strides that the whole industry has taken. In 1898 the importations amounted to \$10,803,430.15, the Government receiving as duty \$6,482,058.10. In 1907 there was imported \$39,737,840.88, on which the duty amounted to \$23,842,704.53. It is under this section that the great volume of handkerchiefs are scheduled and would come in, especially the higher grade articles, which, of course, are the higher priced. Compared with the handkerchief that would go to the average consumer, the high-grade linen, embroidered, or lace handkerchief may be denominated a luxury.

It is of the utmost importance to the domestic manufacturer that the 60 per cent duty on this class of goods be kept as it is, as it allows a constant and increasing effort to refine the grade of the domestic manufacturer and to allow him to improve his product. It brings into the market what may be termed the artistic side as to the matter of style and design, and makes a standard for the American manufacturer toward which he is constantly striving.

As to sections 345 and 346.—The section 345 provides that linen handkerchiefs in the piece shall pay 50 per cent ad valorem; if hemstitched, or imitation hemstitched, they shall pay 55 per cent. The differential of 5 per cent is a labor item covering the cost of preparing these handkerchiefs for the consumer. Under section 346 practically all cloths used by the manufacturers of linen handkerchiefs, collars and cuffs and shirts pay a duty of 35 per cent; the difference between 35 per cent and 55 per cent, as paid on the hemstitched handkerchiefs, representing the actual difference between the price paid for labor in the United States and foreign countries.

This industry has made important progress under this protection, as is shown by the importation of linen piece goods paying this rate of duty. In 1898 the importations amounted to \$2,157,344, and by 1907 they had increased to \$9,231,559. Practically all of this cloth was for the manufacture of collars, cuffs, shirts, and handkerchiefs. At the same time the importation of the finer grades of hemstitched handkerchiefs paying a rate of duty of 55 per cent under section 345 had increased as follows: 1898, \$569,212; 1907, \$1,001,161. Under the Wilson tariff the importations in the year 1895 or 1896 were about \$1,000,000, bringing the Government a revenue of about \$400,000 on a 40 per cent basis, as against a revenue of \$550,639 in 1907 on a 55 per cent basis.

We think that these figures will prove that in protecting this industry the revenue of the Government has not suffered in any way, but in fact has been greatly increased by the duties collected on linen piece goods under section 346.

It will be seen that these two sections go hand in hand—the raw-linen piece goods and hemstitched handkerchiefs—and it is urged that any change in one section should have a corresponding change in the other.

It is suggested that the ad valorem duty of 35 per cent on linen piece goods under section 346 be not increased, for the reason that there is at present a large demand for handkerchiefs, collars, cuffs, and shirts made of these goods at popular prices, which would be greatly reduced if the prices had to be increased, resulting in a decrease of the importation of linen and a consequent loss of revenue to the Government.

Representing the general feeling in the domestic manufacturing handkerchief trade, your petitioners respectfully submit that it is to the best interest of the Government, the people employed in the trade, and the manufacturer, that these sections be retained in their present form.

Respectfully submitted.

The Acheson Harden Co., James Harden, president; The International Manufacturing Co.; John Glendenning & Co.; Newark Embroidery Works, H. Bowerman; Herrmann, Aukam & Co., Milton C. Herrmann, president; Hessel Raines Co., S. E. Raines; Standard Handkerchief Co., B. C. Robbins, president; H. Rosenthal & Co., Harry Rosenthal, president.

NEW YORK, December 4, 1908.

HOSIERY AND UNDERWEAR.**THE AMERICAN HOSIERY COMPANY, NEW BRITAIN, CONN., SUGGESTS NEW CLASSIFICATIONS AND RATES.**

NEW BRITAIN, CONN., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: During the entire history of the company since its organization in 1868 it has been our desire to make everything in the higher grades of knit goods, and our aim to make everything the best of its kind.

No effort or expense has been allowed to stand in the way of the attainment of the company's ideal, which is to make our products unsurpassed by any in the world, as to the careful selection of materials, painstaking workmanship on the most highly developed and costly machinery.

We confidently claim that the words "No better in the world" on our registered trade-mark stand for a fact, that our goods are unsurpassed in appearance and wearing qualities by those made in any other country, and that they are suited to the wants of those whose clothing is of the highest class.

Previous to the advent of this company, the finest grades of knit goods had been imported from Europe, and the company met at the outset the well-known prejudice against American-made articles on the part of wealthy people, who use goods of the highest grade exclusively. The same feeling exists to-day to a certain extent, and it makes the marketing of the product of the company especially difficult, even with the assistance of the present tariff; and we contend that the schedules should be so arranged as to make it possible to fully compete with finest goods made in foreign countries, and thus take the place of such goods which are so largely imported now.

All of the cotton stockings, hose, and half-hose manufactured by this company are what are called in the trade "full-fashioned goods," in which the shape, or fashioning, is formed during the knitting process by the transference of stitches in narrowing or widening the article during the knitting.

The materials used are the finest grades of cotton, lisle thread, and mercerized yarns.

The machinery necessary is very costly, and it requires a large expenditure of money to establish a plant.

This knitting machinery also requires that the operator, or knitter, should be a very skillful man, who is a good mechanic, with years of training as a knitter.

The production of full-fashioned hosiery, especially in the light weights and fine gauges, which we manufacture exclusively, is necessarily slow, and the item of labor in knitting, seaming, dyeing, and finishing is a large proportion of the cost of the finished goods, while the expense for superintendence and supervision is very much more than for the cheaper and ordinary goods, which can be produced on less expensive machinery, with ordinary labor, and in very much larger quantities.

In order that the finer grades of full-fashioned hosiery should have adequate protection, it is our opinion, based upon an experience of forty years in the manufacture and sale of these goods, that section 318 of Schedule I of the Dingley tariff should read as follows:

SCHEDULE I—*Manufacturers of cotton, section 318.*—Stockings, hose and half hose, selvedged, fashioned, narrowed, or shaped wholly or in part by knitting machines or frames, or knit by hand, including such as are commercially known as seamless stockings, hose, or half hose, all of the above composed of cotton or other vegetable fibers, finished or unfinished:

Value per dozen.	Specific duty per dozen.	Ad valorem in addition
		Per cent.
Less than \$1.....	0.70	15
\$1 to \$1.50.....	.85	15
\$1.50 to \$2.....	1.20	15
\$2 to \$3.....	1.65	15
\$3 to \$5.....	2.75	15
\$5 up.....		65

The foregoing figures should represent the minimum rate of duty in case a maximum and a minimum rate should be contemplated.

Our reasons for recommending these figures are as follows:

First. We believe that the same "general principle of protection" for American industries and American labor which has brought unparalleled prosperity to the American people should be continued.

Second. This "general principle" we understand to be that protective duties should enable the manufacturer of the United States to successfully meet the competition of European countries, where very low wages and inferior standards of living prevail.

Third. The protective duty should be sufficient to cover contingencies, which often arise in connection with seasons of business depression abroad, and provide against the close competition of foreign countries, and also against the low-priced but efficient labor of the Orient, which will without doubt become an important factor in the near future.

KNIT UNDERWEAR.

The statements which we made in connection with paragraph 318 apply with added force to knit underwear.

All of the cotton shirts, drawers, pants, vests, combination suits, etc., made by this company are fine, high-grade goods, made from the finest cotton, lisle thread, and mercerized yarns, and a very large proportion of them are the so-called "full-fashioned" goods, in which the shape is imparted to the garments during the knitting process.

This fashioning, whereby is obtained the perfection in form of high-grade underwear, is a much slower process and more expensive method than the usual one of cutting the garments to the desired shape from circular cloth by means of shears.

Not only is the machinery for "fashioned goods" very costly, but it requires skilled men to operate it and expert mechanics to keep it in proper adjustment and good order. This machinery is

of necessity run at a slow rate of speed, and the production is consequently limited.

After the knitting is completed, the subsequent processes of seaming (in which each individual loop or stitch must be taken up separately), stitching, applying facings, waistbands, and other trimmings in keeping with the quality and character of the fabric, all involve a large amount of labor, which in this country is entitled to receive much greater remuneration than is paid at the European centers of the knitting industry.

We are not disposed to advocate excessive duties on any class of manufactured goods, but the tariff on the articles included in paragraph 319 of Schedule I (manufactures of cotton) should be sufficient to cover the increased cost of labor over that of competing countries, which we now pay, and which we ought to pay, so as to enable the worker to maintain the American standard of living, which is higher than when the Dingley act was passed in 1897, with the view of making in this country the higher grades which are now largely imported.

We are of the opinion that paragraph 319 should read as follows:

SCHEDULE I—Paragraph 319.—Shirts and drawers, pants, vests, union suits, combination suits, sweaters, corset covers, and all underwear of every description, made wholly or in part on knitting machines or frames, or knit by hand, finished or unfinished, not including stockings, hose, and half hose, composed of cotton or other vegetable fiber.

Value per dozen.	Specific duty per dozen.	Ad valorem in addition.
		Per cent.
Less than \$1.50.....	\$0.75	15
\$1.50 to \$3.....	1.70	15
\$3 to \$5.....	2.25	25
\$5 to \$7.....	2.50	35
\$7 to \$10.....	3.50	35
\$10 to \$15.....	4.00	35
\$15.....		60

The foregoing figures should be the minimum rate in case a minimum and maximum rate should be contemplated.

Respectfully submitted.

AMERICAN HOSIERY COMPANY,
EDWARD H. DAVISON, *President*.
GEORGE F. SALCOTT, *Treasurer*.

THE NATIONAL ASSOCIATION OF HOSIERY AND UNDERWEAR MANUFACTURERS ASKS FOR MORE DUTY ON COTTON HOSIERY.

PHILADELPHIA PA., November 30, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee.

SIR: The National Association of Hosiery and Underwear Manufacturers, an organization representing 75 per cent of American manufacturers of hosiery, through its tariff committee most respectfully begs to submit for your consideration the following facts and statis-

tics to substantiate their claim for an increase in the present tariff rates on cotton hosiery.

We earnestly urge that Schedule I, section 318, of the tariff of 1897 be amended to read:

Stockings, hose, and halfhose, selected, fashioned, narrowed, or shaped, wholly or in part by knitting machines or frames or knit by hand, including such as are commercially known as seamless stockings, hose, and halfhose, and clocked and embroidered stockings, hose, or halfhose, all of the above composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than one dollar per dozen pairs, seventy cents per dozen pairs; valued at more than one dollar per dozen pairs and not more than one dollar and fifty cents per dozen pairs, eighty-five cents per dozen pairs; valued at more than one dollar and fifty cents per dozen pairs and not more than two dollars per dozen pairs, one dollar per dozen pairs; valued at more than two dollars per dozen pairs and not more than three dollars per dozen pairs, one dollar and fifty cents per dozen pairs; valued at more than three dollars per dozen pairs and not more than five dollars per dozen pairs, two dollars and fifty cents per dozen pairs; all of the foregoing to be the minimum rates, and in addition thereto a maximum rate of thirty-five per centum ad valorem; under no conditions is the minimum rate, ad valorem, to be less than fifteen per centum; valued at more than five dollars per dozen pairs, a maximum rate of eighty-five per centum ad valorem; under no conditions is the minimum rate ad valorem to be less than sixty-five per centum.

As evidence of the needs of the hosiery craft for additional protection, we would submit for your consideration the following comparative costs of four prominent and leading articles of staple hosiery. We have selected these four qualities for the reason they are the principal items of hosiery imported, representing a greater per cent of the total imports than any others; they are also the most popular articles of consumption. We could have taken any number of other qualities, which would have shown even a greater need for an increase in the hosiery-tariff rates, but the disposition of the hosiery manufacturers of America is to ask for that only which they feel they are justly entitled to receive at the hands of Congress.

EXAMPLE I.—*Comparative cost of 39-gauge hile half-hose, made of 60/2 hile yarn, weight 1 pound.*

	Chem-nitz.	United States.
Yarn, dyeing, boxes, etc.....	\$0.48	\$0.65
Wages.....	.25	.80
Mill expenses.....	.13	.20
	.86	1.65
Difference in cost.....		.79
Duty collected at present.....		.63

EXAMPLE II.—*Comparative cost of 36-gauge women's cotton hose, made of 1/20 combed Egyptian yarn, weight 1 pound 14 ounces.*

	Chem-nitz.	United States.
Yarn, dyeing, and boxes.....	\$0.57	\$0.77
Wages.....	.20	.76
Mill expense.....	.13	.20
	.90	1.73
Difference in cost.....		.85
Duty collected at present.....		.63

EXAMPLE III.—*Comparative cost of 39-gauge women's lisle hose, made of 70/2 combed Egyptian lisle, weight 1 pound 6 ounces.*

	Chemnitz.	United States.
Yarn, dyeing, and boxes.....	\$0.69	\$1.15
Wages.....	.25	.88
Mill expenses.....	.13	.20
	1.07	2.18
Difference in cost.....		1.11
Duty collected at present.....		.76

EXAMPLE IV.—*Comparative cost of 39-gauge women's mercerized combed Egyptian lisle, made of 70/2 combed Egyptian mercerized lisle, weight 1 pound 6 ounces.*

	Chemnitz.	United States.
Yarn, dyeing, and boxes.....	\$0.79	\$1.44
Wages.....	.25	.88
Mill expenses.....	.13	.20
	1.17	2.47
Difference in cost.....		1.80
Duty collected at present.....		.78

In estimating the German wages at about 30 per cent of American wages we have considered all official and unofficial reports that we could get, as well as a large quantity of confidential figures from a number of responsible and reliable sources. We are satisfied that a fair comparison will show the average weekly wages paid in the German hosiery mills to be somewhat less than 30 per cent of the wages paid in American hosiery mills.

It is impossible to go further into detail and compare prices paid for piecework, as the different operations in the mill are divided up and grouped together differently in Germany than in this country, making a flat comparison of rates practically impossible.

A large percentage of German hosiery exported to this country is the product of the so-called "cottage industry" in the villages around Chemnitz. In the "cottage industry" the manufacturer leases machines to individual operators, who work them in their homes and who are often assisted by each member of his family. The wages paid under this arrangement are incredibly low, even for Germany. There are no restrictions as to hours of labor and age of the workers. In figuring the comparative costs submitted we have not, however, taken the "cottage-industry" feature of German hosiery manufacturing into consideration, but have based our calculation on the average wages paid in the factories in the Chemnitz district.

When the tariff of 1897 went into operation the hosiery industry was suffering from the baneful effects of the Wilson tariff bill. Wages were low and each and every item entering the cost of manufacturing cotton hosiery was cheap. The rates given in the tariff of 1897, notwithstanding the low wages and cheap materials, barely afforded sufficient protection to the wage-earner as against the cheap labor of Germany, the principal nation engaged in the exportation of cotton hosiery.

With the constantly increasing cost of living during the past ten years in this country, labor has demanded and has received material increases in wages, so that to-day wages paid the operatives in cotton-hosiery mills are fully 25 per cent higher than eleven years ago. (We would respectfully refer you to the appended affidavits from a number of large and representative manufacturers giving the present average weekly wage of the operatives in their mills.)

This increase in wages paid the work people, coupled with large increases in the price of materials necessary to manufacture cotton hosiery and to put it into marketable condition, has placed American hosiery manufacturers in a serious position, making it impossible for them to continue the operation of their plants under the present conditions. They are confronted with this proposition: Either they must receive more protection, measuring fully the differential between the cost of manufacturing abroad and the cost of manufacturing in this country, or else they must reduce wages, which are none too high when the cost of living is taken fully into consideration.

A careful census of the hosiery mills of this country shows the desperate condition of this craft; almost without exception, a week not exceeding four days is prevailing and in many cases three days a week is the true state of affairs. You therefore can readily understand the serious necessities of the industry, due entirely to the low cost of labor and materials in Germany, the keenest competitor for American cotton-hosiery trade.

During the eleven years of the tariff of 1897 we find after a careful investigation that the weekly wage of the Germany hosiery operatives for the same class of work has in reality been lowered, and that to-day they are receiving less remuneration for making fine qualities in hosiery than they did eleven years ago on the coarsest numbers.

Last summer the German manufacturers forced a strike, and after a lock out of some four weeks the work people succumbed and accepted a reduction aggregating about 25 per cent of the wages they had been receiving, and the result is the German manufacturers are on a lower basis of cost than ever before, thus enabling them to sell goods to this country at prices in marks and pfennigs 33½ per cent cheaper than the lowest price quoted in the past for the same article.

There has always been more or less undervaluation, notwithstanding the best efforts of the local appraisers to prevent same, but to-day the German manufacturers, through a system of averaging their selling prices, have brought it to apparent perfection. It is a well-known fact, which every buyer who visits Chemnitz will admit, if he is so disposed, that German manufacturers freely and unblushingly offer certain quantities of merchandise worth \$1.25 at \$1 (thus paying a duty of 15 per cent ad valorem and 50 cents per dozen pairs specific, whereas if sold at their real value would pay a duty of 15 per cent ad valorem and 60 cents per dozen pairs specific), provided certain other quantities of better goods are purchased at \$1.50 and \$2 per dozen, the German manufacturer making sufficient profit on the quantities sold at \$1.50 and \$2, respectively, to average to him a satisfactory profit on the whole purchase. If asked for a price on each article separately he declines, saying that he is forced to sell all in conjunction in order to properly distribute the business on the various classes of machinery he is operating.

thus keeping the proper balance in his plant; certainly an ingenious explanation, to say the least. Through this operation it is almost impossible for the local appraisers to establish and levy the duty on the actual market value, the same being so adroitly suppressed.

It is a well-known fact, common knowledge amongst reputable and honorable importers of hosiery, that many German manufacturers feel that evasion of American tariff laws is justified by the fact that it is no offense against German laws to offer unscrupulous importers merchandise the actual market value of which is \$1.15 on the following basis: \$1 to be paid by invoice and 15 cents in cash, through the buyer's German agent. By this process the dishonest American buyer has an advantage over the honest importer of 10 cents per dozen in the duty; the American wage-earner receives less protection than Congress intended he should have.

We have given much study to this evasion of the tariff laws, and the only effective method to remedy it is to arrange the schedules so that the cost of cotton hosiery, duties paid and landed, in this country will be such as to make such practices uninteresting. We believe this can be accomplished by the rates we are asking for.

The cotton-hosiery industry of this country is in the hands of some 500 separate and distinct manufacturers located in some 30 States. It is thoroughly competitive, we have no trusts in our craft, and a gentleman's agreement, so called, is unknown. The competition in the hosiery industry is keen and the margins of profit small. On account of the great number of manufacturers the competition amongst them for the best help is sharp. Wages are high, and our operatives will compare with any in intelligence. The cost of equipment of an American hosiery mill is double that of a German hosiery mill.

In 1907 the value of hosiery manufactured in the United States was \$50,000,000, giving employment to 50,000 operatives and salaried clerks, whose combined wages and salaries aggregated \$25,000,000 (figures for 1908 not yet available). We find that the imports of hosiery have constantly been increasing, as the following table will show:

	Number of dozen.	Value.	Duties.	Total value.
1903	3,814,055	\$4,948,390	\$3,149,387	\$8,098,247
1904	4,119,579	5,430,905	3,264,040	8,694,945
1905	4,232,028	5,424,060	3,287,518	8,711,639
1906	4,690,870	6,119,195	3,673,829	9,795,024
1907	5,124,726	7,019,394	4,138,741	11,158,135

While the hosiery manufacturers of the United States believe fully in according every industry full and ample protection, sufficient in measure to equalize the cost of manufacturing abroad and in this country, they also feel they are entitled to countervailing consideration at the hands of Congress in making the hosiery schedules and in equalizing the difference in the cost of their raw materials abroad and at home, which in the hosiery business is cotton yarn.

On English cotton yarn the hosiery manufacturers of this country to-day are paying a duty averaging from 15 cents to 24 cents per

pound, whereas the German duty on the same yarn is only 3 cents per pound, 99 per cent of which is rebated by the German Government when used in manufacturing merchandise for export; thus the German manufacturers of cotton hosiery clearly have the advantage over the American manufacturers of the same merchandise by an average of 20 cents per pound. In German yarn his advantage is still greater, as German spinners enjoy the relatively low wages that prevail in the German hosiery industry. It is clearly unjust and unfair to equalize the difference in the cost of labor between Germany and the United States and not take into consideration a difference in the cost of the raw materials also, owing to the duty on cotton yarns. We feel confident the committee will see the justice of our claims in this respect.

Heretofore attention alone has been paid to the low cost of manufacturing cotton hosiery in Germany, which has been the principal exporting nation of this commodity. We would respectfully, however, call the attention of the committee to the conditions of cotton hosiery manufacturing in Japan. Within the past five years the Japanese have been rapidly erecting hosiery mills, which they have operated most successfully; up to the present time have confined themselves chiefly to supplying the needs of their own home market and that of China and India.

Consul-General William H. Michael, of Calcutta, furnishes the following information concerning the Japanese hosiery in India (see Daily Consular and Trade Reports of the Department of Commerce and Labor, Bureau of Manufactures, dated Tuesday, November 10, 1908):

The value of hosiery sold by Japan to India increased from \$36,460 in 1902-3 to \$1,279,743 in 1907-8. The explanation as to how Japan could do this was given as follows:

The skill on the part of the Japanese, cheap but effective machinery, cheap labor, persevering attention to the Indian market, efficient aid by the Government in advising manufacturers how to go about getting the foreign trade. One Japanese mill engaged in manufacturing a class of goods largely shipped to India employed 290 hands, nearly all girls, who work for very small wages. It should be noted, however, that the wages of girls in Japanese mills are fully as much as those paid the girls in Indian mills. Most of the machinery was of Japanese manufacture, patterned after American machinery. In this way the mill was equipped at about one-fourth the cost of an Indian mill of the same capacity. The goods for the Japanese market were finished on American sewing machines, while the export goods were finished on low-priced sewing machines made in Germany. Thus Japan, by the severest economy in everything affecting the production and transportation of goods to India, is able to undersell the Indian mills. The effective economy is in the equipment of the mill, the kind of finishing machines used, and taking advantage of low rates of freight, etc. It is altogether likely that much of the saving is in the skill and quickness of the Japanese girl, the regularity of her work, and longer hours of labor compared with the Indian woman. While this mill, for example, was making money and selling most of its product to India, a mill manufacturing the same class of goods located at Bombay shut down because it could not compete with Japanese prices.

This is serious food for thought, and the question naturally arises. How soon will the Japanese, with their frightfully low wages, even in comparison with those of Germany, the high-grade skill of their working people, and with the effective help of their Government, be competing with American labor?

The hosiery craft would earnestly engage the attention of the committee to this probability, for if Japan continues to advance in manu-

facturing in the next five years at the same ratio as she has in the last five American hosiery wage-earners will be confronted with a condition far more serious than that which faces them to-day with the low cost of labor and production of hosiery in Germany.

Most respectfully submitted.

William L. Waring, chairman, 72 Leonard street, New York City; George D. Horst, of The Nolde-Horst Company, Reading, Pa.; Thos. E. Brown, of Brown Knitting Company, Philadelphia, Pa.; W. Park Moore, of Brown-Aberle Company, Philadelphia, Pa.; Jos. S. Rambo, of Rambo & Regar, Inc., Norristown, Pa.; A. H. Sulloway, of Sulloway Mills, Franklin, N. H.; Julian S. Carr, Durham, N. C.; Gornett Andrews, of Richmond Hosiery Mills, Chattanooga, Tenn.

EXHIBIT A.

READING, PA., November 27, 1908.

MR. W. L. WARING,

*Chairman Tariff Committee, National Association of
Hosiery and Underwear Manufacturers.*

DEAR SIR: In order to enable the Ways and Means Committee to arrive at a proper basis for the protection absolutely necessary for our industry, we give you herewith the wages we pay for the various operations in the production of full-fashioned hosiery.

Worker.	Kind of work.	German name for kind of work.	Gauge of machine.	Yarn number.	Piece price per dozen.	Production during 59 hours, 2 machines.	Wages, weekly.
					<i>Cents.</i> a 19	<i>Dozens.</i> 150- 180	
Knitter...	Legger...	Laengenmacher...	18 sec., 33 gauge.	18/1 to 23/1			\$22.50-\$28.20
Do.....	Footer.....	Fussmacher.....	do.....	do.....	10	220- 250	22.00- 25.00
Girls.....	Topping.....	Aufstossen.....	do.....	do.....	6 1/2	110- 125	7.15- 8.12
Do.....	Looping.....	Ketteln.....	do.....	do.....	5	160- 260	8.00- 13.00
Do.....	Seaming.....	Nähen.....	do.....	do.....	5	160- 260	8.00- 13.00
Do.....	Mending.....	Repassiren.....	do.....	do.....	3		5.00- 9.00
Men.....	Boarding.....	Formen.....	do.....	do.....	4 1/2	240- 260	10.80- 11.90
Girls.....	Pairing.....	Legen.....	do.....	do.....	3	200- 270	6.00- 8.50
Do.....	Stamping.....	Stempeln.....	do.....	do.....	1	600-1,000	6.00- 10.00
Knitter...	Legger...	Laengenmacher...	18 sec., 39 gauge.	50/2 to 80/2 merchan- dise.	b 25	120- 130	24.00- 26.50
Do.....	Footer.....	Fussmacher.....	do.....	do.....	13	200- 220	26.00- 28.60
Girls.....	Topping.....	Aufstossen.....	do.....	do.....	7 1/2	100- 110	7.50- 8.25
Do.....	Looping.....	Ketteln.....	do.....	do.....	6	150- 240	9.00- 14.40
Do.....	Seaming.....	Nähen.....	do.....	do.....	6	150- 240	9.00- 14.40
Do.....	Mending.....	Repassiren.....	do.....	do.....	10	75- 90	7.50- 9.00
Men.....	Boarding.....	Formen.....	do.....	do.....	5 1/2	200- 240	11.00- 13.20
Girls.....	Pairing.....	Legen.....	do.....	do.....	5	120- 170	6.00- 8.50
Do.....	Stamping.....	Stempeln.....	do.....	do.....	1	600-1,000	6.00- 10.00

* Less pay of helper, \$6.

* Less pay of helpers, \$6.

In addition, it must be considered that the mill expenses in this country are considerably higher than those in Germany, on account of the higher salaries paid for superintending, higher cost of power, considerably higher cost of machinery, and last, but not least, a greater annual depreciation on account of such higher values. We stand ready to give our figures in regard thereto.

There is still another factor which must be considered in fixing the protection necessary to our industry, and that is the danger of Japanese competition. According to a report of the American consul-general of Calcutta, India, published in the Daily Consular and Trade Reports of November 10, 1908, issued by the Department of Commerce and Labor, the value of hosiery sold by Japan increased from \$36,000 in 1902-3 to \$1,280,000 in 1907-8.

Yours, very truly,

BERKSHIRE KNITTING MILLS,
G. OBERLAENDER,
Secretary and Treasurer.

BERKS COUNTY,
State of Pennsylvania, ss:

Personally appeared before me the subscriber, a justice of the peace in and for said county, Gustave Oberlaender, secretary and treasurer of the Berkshire Knitting Mills, who, being duly sworn according to law, says that the above statement is true to the best of his knowledge and belief.

GUSTAV OBERLAENDER.

Sworn and subscribed before me this 28th day of November, 1908.

[SEAL.]

CHARLES M. HUBER,
Notary Public.

My commission expires May 6, 1912.

EXHIBIT B.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

Personally appeared before me, a notary public residing at Philadelphia, in the aforesaid county and State, William Brown, manager of the William Brown Company, a corporation of Philadelphia, Pa., who, being duly sworn according to law, says: That the following list of wages paid at the present time at the hosiery mill of the above corporation at Philadelphia, Pa., was copied from the weekly pay roll of the said William Brown Company, and are true and correct, both as to the rates paid for piecework and as to the weekly averages earned by the different classes of operators; that the rates have been in force for years; that, to the best of his knowledge and belief, there is no material difference between the wages paid for the same kind of work in the different sections of the United States; and that the following schedule of rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming in most direct competition with foreign, and especially German, goods:

(1) Average weekly wages paid:

Leggers (men)-----	\$31.50
Footers (men)-----	27.00
Loopers (women)-----	10.50
Seamers (women)-----	10.00

(1) Average weekly wages paid—Continued.

Toppers (women)-----	\$8.50
Menders (women)-----	9.50
Boarders (men)-----	14.00
Finishers (women)-----	8.00

(2) Rates paid for piecework for 30-gauge ladies' 70/2 hse:

Per dozen.

Knitting legs-----	\$0.27
Knitting feet-----	.15
Topping-----	.03
Looping-----	.07
Seaming-----	.08
Examining and mending-----	.04
Boarding-----	.07
Pairing and folding-----	.03
Stamping and boxing-----	.03
Winding-----	.02
Other wages and salaries-----	.18

1.02

That the foregoing facts are true and correct, to the best of his knowledge, information, and belief.

WM. BROWN Co.,
WM. BROWN, *President*.

Sworn and subscribed before me this 27th day of November, A. D. 1908.

[SEAL.]

FRANK A. FRIEND,
Notary Public.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

Personally appeared before me, a notary public, residing at Philadelphia, in and for said county and State, William S. Ash, secretary of the Glen Knitting Company, a corporation of Philadelphia, Pa., who, being duly sworn according to law, says: That the following list of wages paid at the present time at the hosiery mill of the above corporation at Philadelphia, Pa., was copied from the weekly pay roll of the said Glen Knitting Company, and is true and correct both as to the rates paid for piecework and as to the weekly averages earned by the different classes of operators; that the rates have been in force since April, 1907, and have not been reduced since then; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States; and that the following schedule of the rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming in most direct competition with foreign, and especially German, goods:

(1) Average weekly wages paid:

Knitters (men)-----	\$30.00
Toppers (women)-----	8.00
Loopers (women)-----	10.00
Seamers (women)-----	10.00
Menders (women)-----	10.00
Finishers (women)-----	9.00
Finishers (men)-----	14.00

(2) Rates paid for piecework for 36-gauge ladies' hose:

Knitting legs	\$0.25
Knitting feet .....	.11
Topping feet .....	.07
Looping .....	.085
Seaming .....	.075
Examining and mending .....	.04
Boarding .....	.055
Pairing and packing .....	.075
Other wages and salaries .....	.15
Total wages per dozen .....	.89

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

WM. S. ASH.

Sworn and subscribed before me this 27th day of November, A. D. 1908.

[SEAL.]

GEO. E. GRIFFIN,
Notary Public.

EXHIBIT C.

STATE OF PENNSYLVANIA,

County of Berks, ss:

Personally appeared before me, a notary public, residing at Reading, in and for said county and State, George D. Horst, secretary and treasurer of The Nolde & Horst Company, a corporation of Reading, Pa., who being duly sworn according to law says: That the following list of wages paid at the present time at the hosiery mill of the above corporation at Reading, Pa., was copied from the weekly pay roll of the said Nolde & Horst Company, and is true and correct, both as to the rates paid for piecework and as to the weekly averages earned by the different classes of operators; that the rates have been in force since April, 1907, and have not been reduced since then; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States, and that the following schedule of rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming in most direct competition with foreign, and especially German, goods:

(1) Average weekly wages paid:

Knitters (men)	\$28.00
Toppers (women)	8.50
Seamers (women)	8.50
Loopers (women)	13.00
Menders and examiners (women)	9.50
Finishers (men)	15.00
Finishers (women)	8.00

(2) Rates paid for piecework for 39-gauge half hose:

Knitting legs .....	.13
Knitting feet .....	.135
Topping legs .....	.08
Topping feet .....	.08
Looping .....	.075
Seaming .....	.055
Examining and mending .....	.04

(2) Rates paid for piecework for 39-gauge half hose—Continued.

Boarding.....	\$0.045
Pairing and packing.....	.06
Other wages and salaries.....	.10
Total wages per dozen.....	.80

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

GEORGE D. HORST.

Sworn and subscribed before me this 23d day of November, A. D. 1908.

[SEAL.]

D. M. STEWART, *Notary Public.*

STATE OF PENNSYLVANIA:

County of Philadelphia, ss:

Personally appeared before me, a notary public, residing at Philadelphia, in and for said county and State, Reinhard Huettig, secretary and manager of the German-American Hosiery Company, a corporation of Philadelphia, Pa., who, being duly sworn according to law, says that the following list of wages paid at the present time at the hosiery mill of the above corporation at Philadelphia, Pa., was copied from the weekly pay roll of the said German-American Hosiery Company, and are true and correct both as to the weekly averages and piecework earned by the different classes of operators; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States, and that the following schedule of rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming in most direct competition with foreign, and especially German, goods:

(1) Average weekly wages paid:

Knitters (men)—	
Legging machines.....	\$30.00
Footing machines.....	23.00
Toppers (women).....	8.50
Seamers (women).....	12.50
Loopers (women).....	11.00
Menders (women).....	9.50
Finishers (men).....	16.00
Finishers (women).....	8.50

(2) Rates paid for piecework.

	Ladies' hose.	
	For 33 gauge.	For 36 gauge.
Knitting legs.....	\$0.19	\$0.22
Knitting feet.....	.10	.11
Topping.....	.06	.06
Looping.....	.065	.065
Seaming.....	.07	.06
Mending.....	.04	.04
Boarding.....	.04	.05
Pressing.....	.01	.01
Pairing and folding.....	.04	.04
Other wages and salaries.....	.125	.125
Total.....	.74	.80

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

REINHARD HUETTIG.

Sworn and subscribed before me this 24th day of November, A. D. 1908.

[SEAL.]

WILLIAM J. GEGGIS,
Notary Public.

EXHIBIT D.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

Personally appeared before me, a notary public, residing at Philadelphia, in and for said county and State, Thomas E. Brown, president of the Brown Knitting Company, a corporation of Philadelphia, Pa., who, being duly sworn according to law, says: That the following list of wages paid at the present time at the hosiery mill of the above corporation at Philadelphia, Pa., was copied from the weekly pay roll of the said Brown Knitting Company, and are true and correct both as to the rates paid for piecework and as to the weekly averages earned by the different classes of operators; that the rates have been in force since April, 1907, and have not been reduced since then; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States, and that the following schedule of the rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming in most direct competition with foreign and especially German goods:

(1) Average weekly wages paid:

Knitters (men)-----	\$31. 00
Toppers (women)-----	8. 00
Loopers (women)-----	9. 50
Seamers (women)-----	10. 00
Menders (women)-----	10. 00
Finishers (women)-----	9. 00
Finishers (men)-----	14. 50

(2) Rates paid for piecework for 30-gauge ladies' hose:

Knitting legs-----	.20
Knitting feet-----	.14
Toppling feet-----	.08
Looping-----	.07
Seaming-----	.075
Examining and mending-----	.04
Boarding-----	.06
Pairing and packing-----	.075
Other wages and salaries-----	.15
Total wages per dozen-----	.95

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

THOS. E. BROWN.

Sworn and subscribed before me this 24th day of November, A. D. 1908.

[SEAL.]

GEO. E. GRIFFIN, *Notary Public.*

EXHIBIT E.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

Personally appearing before me, a notary public, residing in Philadelphia, in the aforesaid county and State, Harry C. Aberle, partner of the Harry C. Aberle & Co., a copartnership of Philadelphia, Pa., who being duly sworn according to the law, says: That the following list of wages paid at the present time at the hosiery mill of the above copartnership at Philadelphia, Pa., was copied from the weekly pay roll of the said Harry C. Aberle & Co., and is true and correct as to the weekly average earned by the different classes of operators as herein set forth, and that said rates have been in force for years; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States, and that the following schedule of rates for piece-work and the list of weekly averages as herein set forth constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming in most direct competition with foreign and especially German goods:

Average weekly wages paid:

Leggers (men)-----	\$33.08
Footers (men)-----	20.08
Loopers (women)-----	9.62
Seamers (women)-----	11.08
Menders (women)-----	7.80
Finishers (women)-----	8.27
Toppers (women)-----	7.96
Boarders (men)-----	11.03

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

HARRY C. ABERLE.

Sworn and subscribed before me this 24th day of November,
A. D. 1908.

[SEAL.]

FRED E. SCHMIDT,
Notary Public.

EXHIBIT F.

THORNTON, R. I., November 13, 1908.

MR. WILLIAM L. WARING,
Chairman Tariff Committee,
72 Leonard Street, New York City.

MY DEAR SIR: Your kind favor of the 11th received and noted.
Inclosed find prices we pay on the various kinds of work:

	Average per week.
Worsted leggers-----	\$16.00 to \$18.00
Worsted footers-----	18.00 to 20.00
Worsted toppers-----	7.00 to 8.00
Worsted loopers-----	8.00 to 10.00
Worsted seamers-----	8.00 to 10.00
Worsted menders-----	8.00 to 10.00

	Average per week.
Worsted finishers	\$16.00 to \$18.00
Cotton leggers	14.00 to 16.00
Cotton footers	16.00 to 18.00
Cotton toppers	7.00 to 8.00
Cotton loopers	8.00 to 10.00
Cotton seamers	8.00 to 10.00
Cotton menders	8.00 to 10.00
Cotton finishers	16.00 to 18.00
Silk leggers	25.00 to 28.00
Silk footers	31.00 to 33.00.
Silk toppers	9.00 to 10.00
Silk loopers	13.00 to 15.00
Silk seamers	11.00 to 13.00
Silk menders	11.00 to 12.00
Silk finishers	16.00 to 18.00

In making our calculations as above you will notice we make a variation, as you understand some operators will easily make \$2 a week more than others. The average, of course, will be between the prices given, if you desire that information.

The tariff on the cotton schedule, as you know, has always been too low, and since the new arrangement with Germany we have dropped out of the cotton business entirely, as it is useless to try to compete; we must let our machinery wait for a change in the tariff before we can work it profitably. The full-fashioned hosiery industry has paid the Government millions of dollars duties, and then to have them legislate against our industry it seems very unfair. I hope something may be done at this meeting that will improve our condition and give us a chance to get back some of the money that we have paid the Government on our imported machinery.

If there is any other information that you desire that I can give you kindly let me hear from you, and oblige,

Very truly, yours,

GEO. E. BOYDEN, *Treasurer.*

EXHIBIT G.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

Personally appeared before me, a notary public, residing at Philadelphia, in the aforesaid county and State, Henry Brown, manager of the Brown, Aberle Company, a corporation of Philadelphia, Pa., who, being duly sworn according to law, says: That the following list of wages paid at the present time at the hosiery mill of the above corporation at Philadelphia, Pa., was copied from the weekly pay roll of the said Brown, Aberle Company, and are true and correct, both as to the rates paid for piecework and as to the weekly averages earned by the different classes of operators; that the rates have been in force for years; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States, and that the following schedule of rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States of such lines of goods as are coming

in most direct competition with foreign, and especially German, goods:

(1) Average weekly wages paid:

Leggers (men)-----	\$31. 45
Footers (men)-----	32. 20
Loopers (women)-----	11. 30
Seamers (women)-----	10. 50
Toppers (women)-----	8. 50
Menders (women)-----	10. 00
Boarders (men)-----	14. 50
Finishers (women)-----	8. 00

(2) Rates paid for piecework for 39 gauge ladies' 70/2 hse:

Knitting legs-----	.27
Knitting feet-----	.15
Topping-----	.08
Looping-----	.07
Seaming-----	.08
Examining and mending-----	.04
Boarding-----	.06
Pairing and folding-----	.06
Winding-----	.02
Other wages and salaries-----	.15

Total cost per dozen----- .98

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

HENRY BROWN.

Sworn and subscribed before me this 24th day of November, A. D. 1908.

[SEAL.]

FRED E. SCHMIDT,
Notary Public.

EXHIBIT G.

STATE OF PENNSYLVANIA,
County of Philadelphia:

Personally appeared before me, a notary public, residing at Philadelphia, in and for said county and State, George B. Pfingst, trading as Lee Hosiery Mills, of Philadelphia, who, being duly sworn according to law, says that the following list of wages paid at the present time at the hosiery mill of the above individual at Philadelphia, Pa., was copied from the weekly pay roll of the said George B. Pfingst, trading as Lee Hosiery Mills, and are true and correct both as to the rates paid for piecework and as to the weekly averages earned by the different classes of operators; that the rates have been in force since April, 1907, and have not been reduced since then; that to the best of his knowledge and belief there is no material difference between the wages paid for the same kind of work in the different sections of the United States, and that the following schedule of rates for piecework and the list of weekly averages constitute a fair basis for calculating the cost in the hosiery factories of the United States

of such lines of goods as are coming in most direct competition with foreign, and especially German, goods:

(1) Average weekly wages paid:

Knitters (men).....	\$27.50
Toppers (women).....	8.48
Seamers (women).....	11.02
Loopers (women).....	12.70
Menders and examiners (women).....	9.53
Finishers (men).....	10.30
Finishers (women).....	8.01

(2) Rates paid for piecework for 33-gauge half hose:

Knitting legs.....	.10
Knitting feet.....	.11
Topping legs.....	.05
Topping feet.....	.05
Looping.....	.06
Seaming.....	.05
Examining and mending.....	.04
Boarding.....	.03
Pairing and packing.....	.06
Other wages and salaries.....	.10

Total wages per dozen..... .65

That the foregoing facts are true and correct to the best of his knowledge, information, and belief.

GEORGE B. PFINGST,
(Trading as Lee Hosiery Mills).

Sworn and subscribed before me this 25th day of November, A. D. 1908.

[SEAL.]

EDWARD M. MOILL,
Notary Public.

UNDERWEAR MANUFACTURERS RECOMMEND A NEW CLASSIFICATION FOR KNITTED COTTON UNDERWEAR.

PHILADELPHIA, PA., December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The knitted underwear manufacturers' committee of the National Association of Hosiery and Underwear Manufacturers submit for the consideration of the Ways and Means Committee the following pertaining to their industry:

The number of mills engaged in the manufacture of knitted cotton underwear in the United States number 476 concerns.

This, however, does not include the large number of cotton-yarn spinning plants and other collateral industries located throughout the country, and particularly the spinning plants established in the Southern States within the past ten years, whose product is sold largely to the knit-underwear manufacturers throughout the United States.

The industry extends over the Middle, Southern, Eastern, and Western States, and is largely engaged in by individuals with limited capital, representing in many instances the only industry in the community, affording remunerative and congenial employment.

There has never been a trust or combination formed by the manufacturers of knit goods for the purpose of controlling either output or selling price, the nature of the business being such that it can be engaged in by small manufacturers with limited means.

The average rate of wages paid to skilled women sewing-machine operators in the United States varies from \$1.50 to \$2 per day. The same class of labor in France, Germany, or Switzerland receives from 30 cents to 50 cents per day.

Wages paid winders in the United States, \$1.50 to \$1.75 per day. The same class of labor in foreign countries receives 35 cents to 40 cents per day.

Wages paid knitters in the United States, \$1.25 to \$2 per day. The same class of labor in foreign countries receives 65 cents to 75 cents per day.

The items of labor entering into the cost of manufacture of knitted underwear represent from 65 per cent to 75 per cent of the total, and unless the present rate of tariff is maintained as a minimum or increased to meet prospective new conditions, we will be unable to hold our own markets or continue to grow as an industry, excepting by material reduction in the American standard of wages.

The present schedule, as shown in paragraph 319, act of July 24, 1897, known as "the Dingley tariff act," is not sufficient to protect American manufacturers engaged in the manufacture of the medium and better grades of cotton underwear from importations of French, German, or Swiss goods, owing to the very much lower rate of wages paid in those countries, as against our own highly paid American labor, and as evidence of the small factor of safety in the present tariff schedule, the imports have steadily increased.

We believe that it is to the best interest of the wage-earners and knit-goods manufacturers of the United States, as well as those engaged in the spinning and other dependent industries, that the present schedule of duties, as shown in paragraph 319 of the Dingley tariff act, should be changed to read as follows:

Shirts and drawers, pants, vests, union suits, combination suits, tights, sweaters, corset covers, and all underwear of every description made wholly or in part on knitting machines or frames, or knit by hand, finished or unfinished, not including stockings, hose, and half hose composed of cotton or other vegetable fiber, valued at not more than \$1.50 per dozen, 75 cents per dozen and 15 per cent ad valorem; valued at more than \$1.50 and not more than \$3, \$1.40 per dozen and 15 per cent ad valorem; valued at more than \$3 and not more than \$5, \$2 per dozen and 25 per cent ad valorem; valued at more than \$5 and not more than \$7, \$2.50 per dozen and 35 per cent ad valorem; valued at more than \$7 and not more than \$9, \$3.25 per dozen and 35 per cent ad valorem; valued at more than \$9 and not more than \$11, \$3.50 per dozen and 35 per cent ad valorem; valued at more than \$11 and not more than \$13, \$3.75 per dozen and 35 per cent ad valorem; valued at more than \$13 and not more than \$15, \$4 per dozen and 35 per cent ad valorem; valued at more than \$15, \$4 per dozen and 50 per cent ad valorem.

Our reason for recommending this increase of about 20 per cent in the present schedule is prompted through a desire to meet the possibility of the passage of a trade or reciprocity treaty with any competing foreign country, and we call the attention of your committee to the danger which threatened our industry in 1899 through a proposed reciprocity treaty with France, negotiated by Special Commissioner John A. Kasson, which treaty would have enabled the French manufacturers to send their goods into our country at a

reduction of 20 per cent from the present schedule, and which change of rates would have nullified the protective features of the Dingley Act and would have been disastrous to our industry.

In conclusion we appeal to your committee to revise the rates of the Dingley tariff and make the change recommended by us for the purpose specified.

Respectfully submitted.

NATIONAL ASSOCIATION OF HOSIERY AND

UNDERWEAR MANUFACTURERS OF PHILADELPHIA.

EDW. H. CLIFT,
HARRY QUERNS,
JOHN C. VAN DE WATER,
E. G. KATTERMAN,
JULIUS HIRSCH,
JOS. FELDENHEIMER,
Underwear Committee.

EXHIBIT A.

[Memorandum attached to brief submitted by knitted cotton underwear committee of the National Association of Hosiery and Underwear Manufacturers, showing percentage rate of protection under Dingley tariff and increased percentage rate of protection desired. Referring to paragraph 319.]

Foreign selling price or valuation.	Present rate.		Total protection under present Dingley tariff.	Proposed rate, showing change and increase asked for.		
	Specific.	Ad valorem.		Specific.	Ad valorem.	Total per cent.
\$0.50.	\$0.60	Per cent. 15	57	\$0.75	Per cent. 15	62
.75.			48			53
1.00.			42			47
1.25.			38			42
1.50.	1.10	15	46	1.40	15	52
1.75.			44			48
2.00.			41			46
2.25.			39			43
2.50.	1.50	25	37	2.00	25	41
2.75.			35			40
3.00.			43			48
3.50.			40			45
4.00.	1.75	35	38	2.50	35	43
4.50.			36			41
5.00.			41			45
5.50.			40			44
6.00.	2.25	35	39	3.25	35	43
6.50.			38			42
7.00.			40			45
7.50.			39			44
8.00.	2.25	35	38	3.50	35	43
8.50.			38			42
9.00.			37			42
9.50.			37			41
10.00.	2.25	35	36	3.75	35	41
10.50.			36			40
11.00.			35			40
11.50.			35			40
12.00.	2.25	35	35	4.00	35	40
12.50.			34			39
13.00.			34			39
13.50.			34			39
14.00.	50	50	33	4.00	50	38
14.50.			33			38
15.00.			33			48

CLIFTON P. BAKER, BOSTON, MASS., URGES THAT PRESENT RATES ON UNDERWEAR BE MAINTAINED AS A MINIMUM.

BOSTON, MASS., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I wish to call your attention first of all to the many classes of goods covered in paragraph 319. Every description of goods made wholly or in part on knitting machines or frames or knit by hand, excepting stockings, is included in this one paragraph. It applies to cotton goods only.

Dockham's Trade Directory for 1907 shows 456 establishments engaged in the manufacture of these goods in the United States. By States they are divided as follows: Alabama, 3; California, 3; Connecticut, 10; Delaware, 1; Florida, 1; Georgia, 8; Idaho, 2; Illinois, 8; Indiana, 5; Iowa, 1; Maryland, 1; Massachusetts, 32; Michigan, 15; Minnesota, 2; Mississippi, 1; New Hampshire, 1; New Jersey, 12; New York, 154; North Carolina, 7; Ohio, 16; Oregon, 2; Pennsylvania, 121; Rhode Island, 9; South Carolina, 2; Tennessee, 4; Utah, 10; Vermont, 6; Virginia, 8; Wisconsin, 11; total, 456.

There is no trust or organization for the control of prices, so far as I know.

It is impossible to give with any accuracy the number of employees engaged in this work, but probably as great a number as 200,000 people are directly employed, and indirectly many more. The company that I represent (Lawrence Manufacturing Company, of Lowell, Mass.) employs 3,200 hands directly throughout the year (tariff and home competition permitting) in the manufacture of one variety of goods in one of the classes covered by paragraph 319.

I say one variety in one of the classes. The class that I refer to is shirts and drawers, and the variety is men's medium-priced balbriggan. There are numerous varieties in each—men's, women's, and children's goods.

As a manufacturer seldom makes more than one variety, you can understand that no man can come here and discuss intelligently the whole of paragraph 319. I am free to admit that I can not tell the rate of duty required for any except the variety of goods we make. I do know what we require, but I do not know even what men's high-priced balbriggan goods need; much less do I know what other varieties of men's goods need; and less still about women's and children's, to say nothing of pants, vests, union suits, sweaters, etc.

As the industry is so scattered it has been impossible to get any general meeting of manufacturers to try to decide upon rates needed as a whole. Therefore we are obliged to submit our ideas separately.

The help employed by us in making up and finishing the goods is skilled labor receiving good wages. With the present rates of duty we can, I am confident, continue wages as at present; but with a lower tariff I believe it will cause a decrease in the number of our help, and in the wages as well.

French-made balbriggan goods are now imported and sold at practically the same price as domestic goods.

It is impossible to give the number of dozens or the value of any one variety of underwear imported, for the reason that all are lumped in the customs report.

The total value of underwear as a whole for the year ending June 30, 1907, was, including duties, \$1,295,000.

This is not a very large amount, but it is large enough. That the importations will greatly increase with any reduction in the tariff there is no question, unless we offset it by a reduction in the labor cost of our goods.

I was in the same business position under the Wilson bill as at present, and know well the effect of lower duties upon our industry. The financial result was then unsatisfactory, even with low wages; whereas under our present tariff the company has been successful and the help well paid.

Domestic competition is severe enough in men's medium-priced ballbriggan underwear to safeguard against excessive prices. Is there any need of adding to this competition by reducing the tariff, which can only result in lowering wages of the help and in the employment of a smaller number?

As importations of medium-priced underwear have gradually increased under the present tariff, I claim that present rates should be maintained as a minimum.

Respectfully submitted.

CLIFTON P. BAKER,
58 Ames Building, Boston.

**THE COOPER UNDERWEAR COMPANY, KENOSHA, WIS., THINKS
PRESENT DUTY ON UNDERWEAR NECESSARY.**

KENOSHA, WIS., December 4, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We note that Mr. James Van Cleave, of the Buck Stove and Range Company, who is chairman of the National Association of Manufacturers, takes the stand as representing the manufacturers of the United States that they wish a revision of the tariff, by which he represents them as wishing for a reduction.

We are members of the Association of Manufacturers, but we oppose any such position as representing us. We do not believe that more than a small per cent of the manufacturers of the United States wish a reduction of the tariff, and then it is only the manufacturers of iron and leather.

We wish to protest against a reduction of tariff on textiles. It is very difficult for us to compete with imported French underwear, even with the present tariff, and the statistics of which you are possessed will show you that immense quantities of French underwear are imported into this country every year in spite of the present tariff.

Commending this to your best judgment, we remain,

Yours, very truly,

COOPER UNDERWEAR Co.,
Per HENRY S. COOPER,
President and Treasurer.

LEVI STRAUSS & CO., IMPORTERS, SAN FRANCISCO, CAL., RECOMMEND A NEW CLASSIFICATION FOR HOSIERY AND UNDERWEAR.SAN FRANCISCO, CAL., *November 11, 1908.*

HON. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: The newspapers report your committee now in session re tariff revision. You will pardon my taking your valuable time, yet I wish to call your attention to a portion of the act of 1897 that has been most pernicious in its effect on the wholesaler and jobber of hosiery and underwear, paragraphs 318, 319. The bad feature of these is the fixed limits. The result has been that in making these limits the Government has forced foreign manufacturers to strain every effort to produce the very best article and force the price to the stated limits. This of itself has hurt the domestic manufacturer, because it has compelled him to meet the competition on an article on which the price is forced upon him, and the act fostered by our Government.

This also has resulted in fixing the cost to the jobber and wholesaler and limiting his range of purchases to five different grades of hosiery and six of underwear. These different steps or limits in the tariff immediately became so well known that even the tyro in the business knew to the fraction of a cent what the wholesaler paid for his goods, consequently we have been obliged to sell these goods with little or no profit.

When you stop to consider the vast capital and number of firms and employees concerned in the marketing of this merchandise in the United States, they should be given the opportunity to realize something in the way of profit on the investment, with the resultant increase of income for the employee. A straight schedule of, say, 50 cents per dozen and 10 or 12½ per cent, regardless of the foreign cost, will fully protect the home manufacturers and enable the distributors of these lines to carry on a successful trade.

Yours, truly,

W. G. MCCARTHY.

KNIT GOODS.**HON. S. W. SMITH, M. C., SUBMITS LETTER OF THE PONTIAC KNITTING COMPANY RELATIVE TO JAPANESE COMPETITION.**WASHINGTON, D. C., *December 7, 1908.*

HON. SERENO E. PAYNE,

Washington, D. C.

DEAR MR. PAYNE: I inclose a letter from F. G. Jacobs, one of my constituents, living in my home city, Pontiac, Mich. Mr. Jacobs speaks from a knowledge obtained after several years of practical experience.

Sincerely, yours,

S. W. SMITH.

PONTIAC, MICH., *November 30, 1908.*

HON. S. W. SMITH,
Washington, D. C.

DEAR MR. SMITH: When considering the question of the revision of the tariff I would like to particularly call your attention to our industry. It is an absolute certainty that if the tariff is lowered to any considerable extent on knit goods it would practically do away with the knitting business in this country. I understand that the Japanese are now taking up the knit-goods industry, and with their cheap labor we would not be able to compete in this country.

I hope you will bear this matter in mind when the occasion arises.

Very truly, yours,

PONTIAC KNITTING COMPANY,
By F. G. JACOBS, *General Manager.*

NARROW COTTON FABRICS.

THE BLACKSTONE WEBBING COMPANY, PAWTUCKET, R. I., ASKS
RETENTION OF PRESENT DUTY ON BANDINGS, BELTINGS, ETC.

PAWTUCKET, R. I., *December 4, 1908.*

HON. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: We understand that your committee will soon be taking up the consideration of "narrow cotton fabrics," as referred to in Schedule I, cotton manufactures, paragraph No. 320, as "Bandings, beltings, bindings, bone casings, cords, garters, lining for bicycle tires, ribbons, suspenders and braces, tapes, tubing, and webs or webbing, etc." We would bring to your attention that even under the present schedule of tariff duties on this class of goods we are in sharp competition with foreign-made goods, owing very largely to the much lower cost of cotton yarns made in foreign countries.

We find on referring to schedules and data in hand that the wages our American manufacturers are paying for making this class of fabric is considerably higher than that paid in foreign countries; and in order that we may maintain the present wages and compete satisfactorily, allowing for a fair manufacturing profit, we would respectfully request that there be no reduction on articles of cotton manufacture as mentioned in Schedule I, paragraph No. 320.

Should you require further data on this subject substantiating the above claim we would be pleased to hear from you.

Very truly, yours,

BLACKSTONE WEBBING COMPANY,
L. W. BISHOP, *Treasurer.*

**L. D. THAYER MANUFACTURING COMPANY, WORCESTER, MASS.,
SUGGESTS A SPECIFIC DUTY, PER POUND, ON NARROW COTTON
FABRICS.**

WORCESTER, MASS., *December 1, 1908.*

HON. SERENO E. PAYNE,

Chairman of Ways and Means Committee,

Washington, D. C.:

Regarding rates of duty for articles mentioned in Schedule I, cotton manufactures, paragraph 320, on beadings, beltings, bindings, bone casings, ribbons, etc., we would say that our trouble is not so much with the rate of duty as with the value placed on the goods when entered at the custom-house.

The goods are seldom, if ever, entered twice alike as to quality, style numbers, etc., and hence it is next to impossible to prove absolutely that they have been undervalued. Now, we have to use imported cotton yarns to manufacture our goods. You well know the duty on them can in no way be evaded, and the duty is 20 cents to 25 cents per pound on them, as we use 80/2 to 100/2. The imported articles pay nothing on cotton yarns after being made into goods. The goods come in under the ad valorem plan, and here is where we suffer, because goods, for instance, which can not be bought anywhere in the world at a less rate than \$1.50 for a given quantity may be entered as of the value of \$1. The duty assessed and paid would be only two-thirds the amount specified; hence the 50 per cent schedule would only net 33½ per cent, and the saving on the above cost of yarns would be about 15 per cent gain to the manufacturing importer, and all but 2 per cent of the tariff protection has disappeared.

Our suspicions rest mainly against one house, one of whose partners resides in England, and who buys the goods and bills them to the New York house, in which he is interested, from his firm in England, and it is plain to see that as they never part with the ownership till after duties are paid that a very strong reason exists why the lowest possible valuation should be made on the goods for the assessment of duty to be made.

We would suggest a specific duty per pound to be on these goods, and an ad valorem rate besides, so as to make the yarns entering into the goods cost both domestic manufacturer and importer just alike, and have the minimum specific duty 25 cents per pound.

Very respectfully,

L. D. THAYER MANUFACTURING CO.,

By L. D. THAYER, *Treasurer.*

PURIFIED COTTON.

**SEABURY & JOHNSON, NEW YORK CITY, ASK SPECIAL PROVISION
AND RATE FOR PURIFIED COTTON FIBER.**

NEW YORK CITY, *December 1, 1908.*

This petition relates particularly to cotton fiber, highly purified and advanced in value by reason of being subjected to more or less elaborate mechanical and chemical processes in order to produce a

finished product, which is not "cotton" (the crude cotton fiber as ordinarily understood), or "cotton waste or flocks," as commonly recognized in the market, and therefore should not enter this country duty free under paragraph 537, "cotton, and cotton waste or flocks," of the present tariff act.

Since the enactment of the present tariff, cotton fiber, whether originating from the crude or raw staple or recovered by any of the numerous processes well known for recovering the cotton fiber from spun or woven cotton products and freed from mechanical impurities and from oil, gum, and other natural and foreign constituents there might be beyond the pure cellulose of the fiber itself, and rendered free from the chemicals necessary to produce the purified cellulose—such purified cotton fiber has found extensive new uses in the manufacture and production of smokeless powder, artificial silk, filaments for incandescent electric light bulbs, varnishes, lacquers, celluloid, and doubtless other uses more or less the subject of trade secrets.

These new uses of this purified cotton fiber have made its manufacture the subject of special attention and have resulted in a very large trade in this special product, and importations of thousands of bales have entered this country from Europe duty free under paragraph 537, and at an invoice valuation which makes it impossible for the American manufacturer to successfully compete notwithstanding the fact that the fiber itself is undoubtedly almost entirely of American origin.

The intention of Congress in paragraph 537 in the term (1) of "cotton" was most probably to cover raw or crude cotton in its various grades as commonly known in the markets of the world, and in the terms (2) of "cotton waste" or "flocks" to refer to waste or flocks which remained in their original condition and which had not become the subject of special manufacturing processes to bleach and purify them. The cotton waste or flocks which are well defined and well known and of everyday trade are very different and distinct from this purified cotton, which is practically never met in the regular business of those handling cotton waste or flocks. Very naturally, price being attractive, it would be handled by such dealers if offered to them as "cotton waste" or "flocks," but such terms would not correctly define the product.

Though this refined cotton be an article readily recognized as "cotton" it is not the cotton which we believe was intended by Congress in paragraph 537, for this is a bleached and purified cotton, which, under the mechanical and chemical processes to which it has been subjected, has been changed in character and has been changed in use.

Changed in character from the unbleached crude or recovered fiber with oil, gum, and adherent impurities, to a bleached fiber free from natural constituents and from adherent impurities.

Changed in use through processes of purification and bleaching to which it has been subjected so as to bring it into a condition possible for nitration, or treatment with acids and other chemicals for its new-found technical and industrial uses.

When the present tariff was written, the uses for the bleached and purified product as hereinbefore stated were practically unknown, and new industries, particularly that of manufacturing

smokeless powder with this purified cotton or cellulose as a basis, have been established. The conditions, therefore, that have arisen in recent years are new ones from a protective-tariff standpoint, requiring adequate provision in the tariff classification in the form of a special paragraph for this specific product, say under Schedule I, cotton manufactures, with adequate rate of duty to protect the American manufacturer.

It is held that the article is a manufacture of cotton and a specific product, and that a duty of not less than 2 cents per pound and 45 per cent ad valorem should be provided. The rate of duty here pleaded for is predicated on the knowledge that large quantities of this cotton have been repeatedly imported at an invoice value of 8 cents per pound.

The cheapest grade of cotton fiber likely to be used in the American manufacture of such a product would be "linters," and which at the present time would cost in the neighborhood of 4½ cents per pound for the crude article of good grade. The cost of bleaching and purifying this fiber to bring it into the advanced state of the product under discussion, including a loss in weight of 24 per cent from weight of the original material, would be 3.3 cents per pound, making a cost of 7.9 cents, and with addition for general factory expenses of from 12½ to 15 per cent, to a total factory cost of 9 cents. This figure is without any additions for selling expenses or profit or interest on investment, yet the imported product comes in at a valuation of 8 cents per pound, and if truthfully valued has had all these expenses added, which thus makes it impossible for the American producer to compete.

If made from comber waste, which is unbleached waste cotton fiber—and which is the grade of stock some of the importers claim some of the foreign article is made of—if made from such comber waste costing in the American market at the present time 8½ cents per pound, the American manufactured or finished product would cost 12½ cents, factory cost.

If made from crude or raw cotton, say, for instance, from the grade known as "middling" cotton, at 9½ cents per pound, the price of the American manufactured product will have advanced to 13½ cents, factory cost.

The rate of duty suggested protects only the product made from linters. To protect a product made from "comber waste" or "raw cotton" (middling grade), the duty would have to be advanced to 6 cents or 7 cents per pound, respectively, and 45 per cent ad valorem.

The cost of manufacture includes the mechanical processes for freeing the crude fiber from dirt or for recovering or restoring the fiber from spun or woven cotton products, and the boiling, bleaching, and treating with chemics to purify; also the usual merchandise stock and labor charges. The proportion of labor in total factory cost varies with the type of cotton-fiber stock used, and this percentage varies from 10 per cent to 15 per cent to 24 per cent, respectively.

The merchandise stock (principally chemicals) other than the cotton itself costs abroad only 80 per cent of the cost of the same materials in America.

Labor costs abroad are but 60 per cent of the costs of the labor in this country. To enable the American manufacturer, therefore, to compete with the foreign manufacturer it is evident that an adequate

rate of duty on the foreign product is imperative in order to protect the American manufacturer against the foreign competitor who may use for his product any one of the types of cotton fiber hereinbefore mentioned, each one of itself well defined and readily recognized when in the original state, but which when subjected to processes of manufacture necessary to produce the product in question loses identity in the finished product and can not always be readily distinguished, so that one can not declare with certainty from what source or grade of cotton fiber the finished product has been made. This is important as affecting invoice valuation on imports and as suggesting the rate of duty to adequately protect the American manufacturer, who, therefore, needs higher protection, as his product is made from the higher-costing "comber waste" or "middling" cotton.

Though desiring to engage in the manufacture of this special cotton product, we have found it impossible to compete and secure a market on account of the free entry of the European article.

We therefore respectfully suggest that the special paragraph or classification for the revised or new tariff law read as follows:

Cotton, derived directly from the raw staple or otherwise and purified for technical and commercial uses, 6 cents per pound and 45 per cent ad valorem.

Inasmuch as this imported product, which is absorbent, has been offered broadly for hospital purposes and for the same use as absorbent cotton (medicinal article) is used, introducing a similar damaging competition, it is urged that the duty on absorbent cotton (medicinal article), now in paragraph 68, be advanced from 25 to 45 per cent ad valorem.

Respectfully submitted.

SEABURY & JOHNSON,
By H. C. LEWIS, *Secretary*.

TRACING CLOTH.

THE REGINA MANUFACTURING COMPANY, EAST GREENWICH, R. I., ASKS AN INCREASE OF DUTY ON TRACING CLOTH.

EAST GREENWICH, R. I., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: We respectfully submit for the consideration of your honorable committee for tariff revision:

First. The manufacture of tracing cloth used by draftsmen, architects, and engineers for the making or drawing of plans for buildings, machinery, construction work, etc., sample of product being hereunto attached.

Second. The schedule and paragraph of the present tariff law under which this product is now classed is Schedule I, paragraph 311, "Cotton cloth, filled or coated," duty thereon being 20 per cent ad valorem and 3 cents per square yard specific.

Third. We desire this duty changed so as to retain the present ad valorem duty of 20 per cent and increase the specific duty from 3 cents to 5 cents per square yard. Possibly tracing cloth should be differentiated from the general head it now comes in under, "Cotton cloth, filled or coated," as its manufacture in the United States is a new industry here.

Fourth. Reasons for asking the above revision are that our product is a new manufacture in this country and we are the only manufacturers of tracing cloth in the United States. Many years of time and a large sum of money have been spent in experimental work to accomplish the manufacture of this product here, it being a secret process, the successful knowledge of which has heretofore been confined to Europe, and only within the past two years have we fully succeeded. We have during the present year completed the equipment of a new factory at large expense.

Fifth. Our sole and only competitors are European manufacturers.

Sixth. The average wages paid our labor are fully double or 100 per cent more than those paid in England, and we would conservatively estimate that it costs us 50 per cent more to produce the article in entirety here than it does in England.

Seventh. Revision is asked to enable our infant industry in this country to be in only a fair position to compete with and not exclude foreign manufacturers for the trade in tracing cloth in the United States, without in any way working a hardship or injury through increased cost to the dealer or consumer, as our price to them will not exceed what they now pay for the popular English make. As a matter of fact a larger percentage of profit is now and will continue to be realized by the dealer selling our product than is made on the popular English article, possibly excepting the importers of such English make, who are restricted in number to a very few in comparison with the entire number of dealers, and it is said that such importers are precluded by contract from handling or dealing in any other make, seemingly to be a combination of a very few that tends to restriction of trade. It would seem that if our industry was protected it will in all probability eliminate such condition of restriction as has existed, and work a benefit to a vast majority of dealers and to all consumers. Without the protection asked for to place us on an equal basis of cost of producing with the foreign manufacturers we will be obliged to discontinue the industry in this country, thus wasting and losing the many years of experimental work and large money expenditure that we have devoted to perfecting and establishing this new industry in the United States, and the United States will again be dependent solely on Europe for its tracing cloth.

Eighth. Under the original tariff of 40 per cent the English product sold in this country for a much less price than it now does under the present so-called Dingley tariff, which is a reduction on the original, because at the time of passing the Dingley tariff there was no tracing cloth manufactured in the United States.

Respectfully submitted.

REGINA MANUFACTURING COMPANY,
By E. A. PALMER, *President*.

TYPEWRITER RIBBONS.**THE MORTON MILLS, PATERSON, N. J., ASK A MATERIAL INCREASE
IN THE DUTY ON THEIR PRODUCT.**

PATERSON, N. J., *November 28, 1908.*

HON. SERENO PAYNE, Esq.,
*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: The attention of your committee is respectfully invited to the fact that the present duty on cotton yarns used in the manufacture of woven edge tapes for typewriter ribbons is, at the present time, three-tenths of a cent per pound number, or approximately 40 per cent of the invoiced valuation, while the duty on the manufactured article is 45 per cent ad valorem. Thus you will see that the duty on the raw material is practically the same as that on the manufactured article, which must be made of imported yarns. This makes the production of this fabric in this country very difficult at the American standard of labor cost.

This company is now operating a small plant for weaving typewriter ribbons, and now purposes to extend same if adequate protection can be afforded our enterprise. This is a new venture in this country and a large demand has been supplied entirely by the foreign manufacturer, although the consumption of this particular article is greater in the United States than in any other country in the world.

We therefore submit for your consideration the above facts and ask that they be given attention, with the view of extending to this new industry in America the protection necessary for a healthy growth. We would therefore request that a duty of 35 per cent over and above the present specific duty on yarn be levied on imported typewriter ribbons.

Yours, very truly,

THE MORTON MILLS.
By H. E. DANNER.

VELVETS, VELVETEENS, AND CORDUROY.**WELLINGTON, SEARS & CO., BOSTON, URGE THAT THERE BE NO
REDUCTION OF DUTY ON THESE FABRICS.**

BOSTON, *December 3, 1908.*

TO THE CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: Presuming that there will be some further consideration of the cotton schedule, we take the liberty of giving you a few facts in regard to velveteens and corduroys, hoping that in any report which is made there will be no reduction in the tariff recommended on these fabrics.

It is only within a few years that the manufacture of velveteens has been started in this country, they previously having been made principally in England and France. These goods, as you know, are

first woven on specially equipped looms; the races are then cut by hand, an operative being able to cut 150 yards race cut in one week, or 300 yards slip cut in one week, this work being done by female operatives from 14 to 20 years of age. The cutting of a lump (150 yards) of slip-cut velveteens can be done for 12s. (\$3) in England, whereas the same work in this country costs more than double this price. The cutting of a lump of race-cut velveteens could be done for \$5 in England, and in this country it also costs double this price. After the goods are cut they pass through various stages of brushing, singeing, and dyeing before they are ready for market, the great item of cost in these processes also being labor, and although the operatives are paid well in this country we are competing in cutting velveteens with almost the cheapest labor in Europe.

The above facts will also apply to corduroys, except that on account of the goods being coarser and heavier it is possible to cut them by machinery, which is being done in this country. But here again, labor is the principal item, the goods passing through from 20 to 25 processes in the finishing alone, and the labor in the finishing plants in this country is paid just about double the wages paid in the finishing plants in England.

If in the consideration of this matter you would like any further facts or figures, we should be most happy to furnish them.

Yours, very truly,

WELLINGTON, SEARS & Co.

**THE COCHECO MANUFACTURING COMPANY, BOSTON, THINKS
PRESENT DUTY ON COTTON VELVETEENS NECESSARY.**

BOSTON, *December 3, 1908.*

CHAIRMAN COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: Understanding that on December 4 there is to be a hearing on the subject of duties on cotton velveteens, I beg to say in behalf of the Cochecho Manufacturing Company, of Dover, N. H., that this is an industry only recently started in this country, and has not as yet been sufficiently developed to enable it to compete with foreign manufacturers if the duties on this class of goods should be reduced. In the cost of manufacturing in this country I think labor probably represents approximately 75 per cent of the total cost, and so far it has not been fully demonstrated that the present duty enables us to more than meet foreign competition.

Should you so desire, I can furnish figures to show this, and prove that it would work a serious hardship on this really infant industry to reduce this present schedule.

Yours, truly,

H. DE F. LOCKWOOD, *Treasurer.*

**THE NEW YORK MILLS STATE THAT THE CORDUROY AND VELVET
INDUSTRY ABSOLUTELY NEEDS PROTECTION.**

NEW YORK CITY, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We desire to submit the following information to aid the committee is a revision of the tariff. We are interested in pro-

tection on certain lines as set out below, but we believe that a reasonable reduction of tariffs on the ordinary yarns and cloths, such as we make, would not materially injure the business.

Any reduction of the tariff on corduroys would be disastrous on account of the great amount of labor involved in the manufacture of this cloth as compared with other cotton products.

We make three products—hosiery yarn, ordinary cotton cloth, and corduroy cloth. The cost of ordinary hosiery yarn is made up of—

	Per cent.
Cotton.....	67
Labor.....	15
All other expenses.....	18

This is for high-grade hosiery yarns. The gray cloth that we manufacture is made up of—

	Per cent.
Cotton.....	69
Labor.....	20
Other expenses.....	20

Corduroy is made up of—

	Per cent.
Cotton.....	25
Labor.....	40
Other expenses.....	35

The rate of wages paid in Europe is about one-half less than in the United States and the skill of the foreign operator on this class of goods is much greater than here, on account of the manufacture of corduroy containing so much hand work.

The corduroy and velvet industry in this country is practically in its infancy, not being over 20 years old. It requires great skill on the part of the operators, and we have not as yet commenced to reach the point of production that our foreign competitors have.

Some of the prices paid in Europe are as follows:

In a cotton mill a card-room hand receives \$5 a week; in this country \$8 a week, which is 37 per cent less in Europe than here.

A spinning-room operative receives in Europe not over \$4 a week; in this country it averages about \$7 a week, a difference of 43 per cent less in Europe.

Weaving.—In Europe a weaver receives about \$5.50 a week, while in this country an operator will average about \$9.50. The European scale is about 52 per cent less.

Finishing operations.—On corduroy a cutter in Europe receives about \$4 a week; in this country he will average about \$9 a week, being 35 per cent less in Europe.

Jig men in Europe receive not over \$5 a week; in this country, \$7.50 a week; 35 per cent less in Europe.

The crossing machines in this country are tended by boys, whose pay in Europe is \$2 a week; in this country, \$4.50, being 55 per cent less wage in Europe.

In the dressing and singeing rooms, the pay in Europe is \$4.50 a week; in this country, \$7 a week, being 36 per cent less in Europe.

In a finishing room in Europe the pay is \$5 a week, while in this country it is from \$7.50 to \$9 a week, a difference of 35 per cent less in Europe.

Our best information is that in all departments in the manufacture of corduroys, with the exception of the weaving, European labor will

accomplish more work in a week than our hands. In the weaving department this is reversed in this country, as our weaving machines are superior to the English and the operator runs more looms.

The wages taken above for comparison with the American wages are taken from the English districts, where they pay a higher wage than they do on the Continent. However, the skill of the English operator is greater than on the Continent.

Our profits on the corduroy business since we started, some ten years ago, has shown from 5 to 7½ per cent, which is not a sufficient profit for the capital invested and the manufacturing risk taken.

The difficulties of the business are largely due to the great risk taken in turning out corduroy cloth with the class of help that we have, as we have to teach all our hands this business and it takes years for them to become proficient in some of the branches.

Fine yarns.—We believe as a general proposition that the tariff on fine yarns and cloth woven from fine yarns should not be touched, as the manufacture of these involves a large portion of labor.

Any reduction of the schedule of corduroys as it at present exists would be disastrous to the corduroy business in this country.

THE NEW YORK MILLS,
J. P. CAMPBELL, *Assistant Treasurer.*

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS.

FIRST PRINT, No. 33.

MONDAY, DECEMBER 14, 1908.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

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SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDGAR W. FOU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Monday, December 14, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

STATEMENT OF MR. JOHN J. CARTON, OF FLINT, MICH.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Are you a manufacturer of automobiles, Mr. Carton?

Mr. CARTON. I am the attorney for the Buick Automobile Company, of Flint, Mich., and I am here at the request of the general manager of that company, who is also one of the directors of the company, to present the views of that company with reference to the tariff which should be placed upon the importation of automobiles. From my talks with him I desire to state to the committee that we occupy somewhat of a middle ground. We differ from those who want a 45 or 60 per cent tariff, and we also differ from those who do not want any tariff. The company which I represent, and for whom I speak, is perhaps one of the largest, if not the largest, manufacturers of automobiles in the country—it is certainly one of the largest; and we are of the opinion that there should be a moderate tariff placed upon the importation of automobiles, somewhere from 20 to 25 per cent. The general manager of our company is of the opinion that a 25 per cent ad valorem tariff would be a sufficient tariff to take care of the automobile industry and to give it proper protection in this country.

Now, it is a fact that the Buick Automobile Company is to-day selling automobiles in Europe, and selling them there in competition with the automobiles manufactured there, and selling them successfully. Of course, at the present time they are not manufacturing an automobile which, in the common acceptance of the term, is as high grade as some of the other factories, but Mr. Durand, the general manager of our company, said to me in a conversation the other day, and authorized me to say it here, that next year they will turn out as high-grade automobiles as any factory in the country—as good an automobile as can be made—and that they will sell it at 70 per cent of the price which is now being charged for the same grade of automobiles by the so-called high-grade factories.

Mr. DALZELL. That is your particular company?

Mr. CARTON. Our company; yes.

Mr. DALZELL. Your company, not all of them?

Mr. CARTON. I only speak for the one company.

Now, improvements are constantly being made, and the business of the manufacture of automobiles is being reduced more and more

to a science every day, and there is, in the opinion of the gentlemen whom I represent, very little to fear from foreign importations. Of course, there should be something on it to make the difference—to take care of the difference—in labor.

While I think of it, I learned after coming here that we are permitted, by request of the committee, to file briefs supplemental to what we say, and I should be very glad to have that privilege extended to me a little later.

The CHAIRMAN. Of course, you can file it any time, but the difficulty is that it is getting pretty well along, and we are nearly through with the hearings. Unless it is filed rather promptly, it will not appear in the printed record in its proper place and may be overlooked. But take your own risk about that.

Mr. CARTON. Oh, yes.

The CHAIRMAN. You say that your company sells automobiles abroad?

Mr. CARTON. Yes, sir.

The CHAIRMAN. Do you sell them at a less price than you do here?

Mr. CARTON. I think we have the one schedule of prices for there and here too.

The CHAIRMAN. That is, you get the same price abroad as you do at home?

Mr. CARTON. That is my understanding of it; yes, sir.

The CHAIRMAN. And you think 20 or 25 per cent will make up the difference between the cost of labor here and abroad?

Mr. CARTON. Yes, sir; taking everything into consideration. That is what I am advised.

The CHAIRMAN. That is, on parts of automobiles as well as on the automobiles themselves?

Mr. CARTON. On the automobile as a whole.

The CHAIRMAN. You understand that parts of automobiles are imported to some extent?

Mr. CARTON. Yes, sir.

The CHAIRMAN. Does your company import them?

Mr. CARTON. No.

The CHAIRMAN. They get everything here?

Mr. CARTON. Yes. I think that the tires that we use are made here now, but I think they were first imported.

The CHAIRMAN. Have you looked at this matter from a revenue standpoint?

Mr. CARTON. No; I am looking at it simply as—

The CHAIRMAN. Why is not an automobile a pretty good thing to produce revenue upon?

Mr. CARTON. Well, yes—the question is whether you will produce more revenue with a 45 or 60 per cent duty than you will with a 20 or 25 per cent duty.

The CHAIRMAN. And that is a fair question, of course, but it would seem at first sight that an automobile was a sort of a luxury that could well afford to contribute to the revenues of the Government.

Mr. CARTON. Well, Mr. Chairman, the automobile as a luxury is fast passing out of that stage.

The CHAIRMAN. Well, I know that a good many people mortgage their homes to buy automobiles, but whether it is a luxury or not—

Mr. CARTON. But you will find—of course, I am saying nothing

about it now—that within a very short time the automobile, as a business proposition—

The CHAIRMAN. Does your company propose to sell them 30 per cent cheaper?

Mr. CARTON. Oh, yes; and sell as good as can be made in the country.

The CHAIRMAN. As high grade as anybody manufactures?

Mr. CARTON. Yes, sir.

The CHAIRMAN. Do you have a large output?

Mr. CARTON. We expect to make 18,000 automobiles next year.

The CHAIRMAN. It seems to me that 30 per cent off ought to make some difference in the price.

Mr. CARTON. Yes, sir.

The CHAIRMAN. If I thought that would tempt anybody to mortgage his home, I should rather look around and see if I could not prevent it.

Mr. CARTON. You would not want to prevent the production of 18,000 automobiles in our town.

The CHAIRMAN. Do you make any motors to be used in the carrying of freight?

Mr. CARTON. No; we have made the trucks.

The CHAIRMAN. Would the term "automobile" include them?

Mr. CARTON. I think so; I think it would fairly do so.

The CHAIRMAN. In general terms it would include everything of that kind that is self-propelling?

Mr. CARTON. I think it ought to. They are termed in the trade mostly a "motor truck."

Mr. DALZELL. Or a motor wagon?

Mr. CARTON. Yes.

The CHAIRMAN. And they have comparatively light delivery wagons also that I have seen.

Mr. CARTON. Yes.

The CHAIRMAN. Express companies use them for delivery purposes?

Mr. CARTON. Yes; and they also have motor buggies which are being manufactured more or less. They look almost like a buggy in general appearance.

The CHAIRMAN. What I was trying to get at was the proper designation, because I think they ought to be put in a separate class instead of in the general term of "all automobiles manufactured."

Mr. CARTON. I think it has got to that stage where they ought to be classified separately.

The CHAIRMAN. "All automobiles, including motor wagons," would certainly cover it, would it not?

Mr. CARTON. Motor wagons and motor trucks—either term; but I think the term would be better understood as applied to the heavy draft vehicle if it is called the "motor truck." I think they are called that more than "motor wagon."

The CHAIRMAN. I think the term "automobiles" would be better, although if they wanted a motor wagon or a motor truck they might find something else in the line of automobiles which might be excluded.

Mr. DALZELL. Does your company make touring cars?

Mr. CARTON. Yes, sir; we make several grades of touring cars.

The CHAIRMAN. Do you make any light runabouts?

Mr. CARTON. Yes, sir.

Mr. DALZELL. What are the prices of your touring cars now?

Mr. CARTON. We sell runabouts at \$900. The two-cylinder touring car, what we call our five-passenger car, we sell at \$1,250.

Mr. DALZELL. How many horsepower has it?

Mr. CARTON. I think that has about 22 horsepower, if I recollect. I am not particularly posted on the mechanical part of it, but I think it is about 22 horsepower. Then they have a four-cylinder car that they sell for \$2,500, I think. That is the highest-priced car they sell.

The CHAIRMAN. Have you concluded your general statement? I did not wish to interrupt you.

Mr. CRUMPACKER. Allow me to ask, Mr. Carton, right in this connection. I understand your company can not make machines now and supply the regular demand?

Mr. CARTON. It has not been able to do so heretofore.

Mr. CRUMPACKER. People have to get their orders in several months in advance?

Mr. CARTON. Yes, sir.

Mr. CRUMPACKER. Is not that true of most of the automobile factories who manufacture them in this country, or do you know about that?

Mr. CARTON. I think it is.

Mr. CRUMPACKER. And there is a pretty sharp competition in this country between automobile factories?

Mr. CARTON. I presume so.

Mr. CRUMPACKER. Now, Mr. Carton, as a manufacturer, how are you interested in having the tariff reduced on automobiles; what effect will it have?

Mr. CARTON. I think it would be better for the trade generally by and by.

Mr. CRUMPACKER. You are here speaking for the trade in the future?

Mr. CARTON. Yes; not for to-day alone.

Mr. CRUMPACKER. There is no automobile trust in this country that you know of is there?

Mr. CARTON. Not that I know of.

Mr. CRUMPACKER. And the automobiles imported, I notice, in 1907, averaged in value each \$3,566. It is the intention of your company to enter upon the manufacture of the high-grade car, is it?

Mr. CARTON. Yes.

Mr. CRUMPACKER. So that your product would then come in competition with the imported machine?

Mr. CARTON. Yes, sir; I think it would.

Mr. CRUMPACKER. How extensive is your trade abroad?

Mr. CARTON. I am not advised as to just how extensive it is. We have an office—our headquarters of the foreign department are in London.

Mr. CRUMPACKER. As long as the demand in this country is as great or greater than the supply, the price of machines will be pretty well up; that is a logical conclusion, is it not?

Mr. CARTON. Admitting that the law of supply and demand has something to do with the prices.

Mr. CRUMPACKER. Has it in the automobile business?

Mr. CARTON. Yes, sir; I think it has.

Mr. CRUMPACKER. I would like to know how, in the future, a reduction of tariff would improve business in this country.

Mr. CARTON. I do not know as it would improve the business, but we do not think it is necessary to have a high tariff on them.

Mr. CRUMPACKER. If the tariff were reduced from 45 per cent to 25 per cent, in order to obtain the same revenue we would have to import about twice as many automobiles as we had before, and that would displace an equal number of the American make?

Mr. CARTON. It might be so considered.

Mr. CRUMPACKER. I ask these questions because I have not been able to understand the interest that your company has in the manufacture of automobiles in the reduction of the duty from 45 per cent to 20 or 25 per cent.

Mr. CARTON. Well, I am presenting the views of the managers of the company. They are of that opinion. We are protectionists so far as that is concerned, and we think that there should be sufficient to compensate for the difference in the wage scale. But outside of that there isn't any reason why an automobile could not be made here, considering the skill and workmanship of the American manufacturers and the American workingmen, cheaper than they are made in Europe.

The CHAIRMAN. Are these German automobiles coming here covered by United States letters patent, upon any or all of them?

Mr. CARTON. I do not know.

Mr. DALZELL. There is an American patent on the motor, and all of the companies—I think yours included—with the exception of the foreigners, pay a license fee to the patentee.

Mr. CARTON. We are not paying any license fee. We have concluded—you refer to the Selden patent?

Mr. DALZELL. Yes.

Mr. CARTON. We have concluded that the Selden patent does not mean anything.

Mr. DALZELL. That is all right, but you have been paying?

Mr. CARTON. Yes; but we have declined for a year or more now to recognize it.

The CHAIRMAN. How much of a license fee did you pay?

Mr. CARTON. It was on a percentage basis, and I think a quarter of 1 per cent.

Mr. DALZELL. It would depend upon the horsepower.

Mr. CARTON. On the horsepower, and the lumber made. I noticed in a communication—I think the communication was addressed to Senator Hopkins, and I presume it has found its way into this discussion—a letter which I have here, that the name of our company is used and the Olds Motor Company of Lansing in our State also, among those who want the present tariff retained. There is no authority for the use of the Buick Company in that list, and there is no authority for the use of the Olds Motor Works either. I have here a letter from the manager of the Olds Motor Works.

The CHAIRMAN. You might print it in the record.

Mr. CARTON. I do not feel at liberty to do that, Mr. Chairman. He states his position in there, that he thinks a tariff of 25 per cent would be sufficient. That is the manager of the Olds Motor Works. His was one of the companies—

The CHAIRMAN. Under what tariff do you think the Government would get the more revenue?

Mr. CARTON. I think they would get more revenue at 20 per cent ad valorem than they would get at 45 or 60 per cent.

The CHAIRMAN. That it would more than double the importations?

Mr. CARTON. Yes, sir; so far as we are concerned we are not afraid of importations. That is what I am here principally to say to the committee.

Mr. CLARK. You use the usual verbiage about difference of labor cost. Do you do that simply because you have fallen into the habit of it, or because there is a difference in labor cost.

Mr. CARTON. I think there is some difference.

Mr. CLARK. How much difference is there?

Mr. CARTON. Well, there is quite a difference in the actual dollars and cents, as I understand it; but I think that difference is more made up by the difference in the skill and the time which the American workingman takes as compared with the European workingman.

Mr. CLARK. Do you not honestly believe that the American workingman, although he gets higher wages, produces so much more than the foreigner that really the American, in piecework, receives less than the foreigner?

Mr. CARTON. I would not want to say that.

Mr. CLARK. Are you a practical manufacturer, an attorney, a general manager, or what?

Mr. CARTON. I am an attorney, and have been in the board of directors of the company. I know something about it.

Mr. CLARK. You are not a practical manufacturer?

Mr. CARTON. I do not handle the goods.

Mr. CLARK. And you really do not know.

Mr. CARTON. I never worked at piecework.

Mr. CLARK. I see you do not know, but simply use that phrase because you have heard everybody else using it; isn't that about the size of it?

Mr. CARTON. I think that there is a difference.

Mr. CLARK. I know; but what I want to find out—and so does everybody else who is to have anything to do with the making of this bill—what the difference is, if any. I want to know what the unit of production—I suppose it would be taken in this country as a unit—what that unit is; and if you can get that information in facts and figures, I wish you would do so and let us have it.

Mr. CARTON. I will furnish it to you—my view of it, anyway.

Mr. CLARK. It keeps the price up?

Mr. CARTON. I do not think so.

Mr. CLARK. Then what does keep the price up?

Mr. CARTON. I think it is the demand at the present time.

Mr. CLARK. How much does one of those automobile buggies sell for? We call them "automobile buggies" out West; I don't know what you call them here.

The CHAIRMAN. Runabouts?

Mr. CARTON. Do you mean the regular automobile?

Mr. CLARK. I mean one of these things that you see going up and down the streets with a buggy top on and used for two people. That is the simplest machine there is, isn't it?

Mr. CARTON. We make a runabout, but there is a vehicle called an "automobile buggy." It is not an automobile, but it is a buggy with

motor power in it. But we make a runabout, a regular automobile, and one of our runabouts sells for \$900. It has two seats, with a seat behind.

Mr. CLARK. How much does the runabout apparatus, used as motive power, cost in one of these \$900 machines?

Mr. CARTON. I could not tell you.

Mr. CLARK. I have been told at home, where a man was trying to sell some automobile buggies, as they are called, that the lowest price was \$750. You can buy a real good buggy horse—I do not mean one of these horses driven here in the city for style, but a real good, serviceable buggy horse, that will go at a fairly good gait—for from \$200 to \$250. Then you can buy a good harness for \$25, and you can get an elegant buggy for from \$100 to \$125, along there; so that the horse and that outfit—and a good one, too—would cost somewhere in the neighborhood of \$350 by the time you get through. I never could understand why these machines, the automobile buggies, as they are called, cost so much more than that kind of an outfit that I have just named. I wish you would tell me just how much the motive power in one of those things costs, and why it costs so much.

Mr. CARTON. Well, they go faster.

Mr. CLARK. Well, I know that, but that is not what I asked you. I asked you what the motive power costs.

Mr. CARTON. I could not tell you what it costs.

Mr. CLARK. That ought to be all the difference there is in the cost between an automobile buggy and an ordinary buggy with one horse. There is nothing peculiar about the apparatus of the automobile, or the automobile buggy, whatever you please to call it, as to the motive power, is there?

Mr. CARTON. There is something there that they call the "explosive-engine construction" that has baffled most of the boys to find out what it really is; but they know that it does the work.

Mr. CLARK. That is the motive power.

Mr. DALZELL. Speaking of buggies, the power in those is electrical, is it not? They do not use gasoline for buggies, do they?

Mr. CARTON. I think so.

Mr. CLARK. What is the motive power in these automobiles that make such smoke around town?

Mr. DALZELL. That is gasoline.

Mr. UNDERWOOD. I think they make an automobile buggy that sells for about \$350.

Mr. CARTON. I think so; yes, sir.

Mr. BOUTELL. Mr. Carton, Judge Crumpacker asked you a question that was in my mind, and it did not seem to me that the answer that you gave was entirely responsive, as to what your interest was in coming here and asking for a reduction. I can understand your holding a personal view that the reduction would not hurt you any, but I had the same question in mind, why you should go to the trouble and expense of coming down here as a manufacturer to ask for a reduction.

Mr. CARTON. Well, I am here because my people want me to come down and ask it.

Mr. BOUTELL. I understand that, but the question is: Why does this manufacturing concern ask for a reduction?

Mr. CARTON. They think that it would be better in the long run to do that.

Mr. GAINES. But why?

Mr. BOUTELL. I understand that they hold the opinion that it would not hurt them any, but I do not understand why they go to the expense of retaining somebody and sending him down here to make an argument for the lessening of the duties. It still seems to be more or less of a mystery, even after hearing the reply that you made to Judge Crumpacker.

Mr. CLARK. He represents the "ultimate consumer," I presume.

Mr. CRUMPACKER. Have you any interest in any factory or factories abroad?

Mr. CARTON. We have an interest in a factory in Canada.

Mr. CRUMPACKER. Do you contemplate the construction of factories in Europe?

Mr. CARTON. We may possibly some time in the future.

Mr. GAINES. That was not the question; that makes it exceedingly improbable. But Judge Crumpacker's question was: Do you contemplate, does your concern contemplate, that?

Mr. CARTON. It has been suggested, and that is as far as I could say.

Mr. GAINES. Really, you must know why you came down here and what your point of view and interest is. Will you not tell us?

Mr. CARTON. The interest we have in it is that we think that it would be better for the trade as a whole.

Mr. GAINES. Oh, yes; but why?

Mr. CARTON. For the reason that we think that if a 20 or a 25 per cent tariff is sufficient, that it would create a better feeling all around not to have the tariff too high. That is about all.

Mr. GAINES. I agree with you in that. If a certain tariff is sufficient, it will create a much better feeling all around not to have it too high.

Mr. CLARK. What did you establish a factory in Canada for?

Mr. CARTON. To make automobiles.

Mr. CLARK. I know; but there is plenty of room in this country to make them. What did you start it over there for?

Mr. CARTON. To make them over there.

Mr. CLARK. But why not make them over here?

Mr. CARTON. Well, we didn't want to pay the Canadian tariff in shipping over there.

Mr. CLARK. The consumer pays the tariff.

The CHAIRMAN. How much is the Canadian tariff?

Mr. CARTON. I do not know what it is.

Mr. CLARK. Do you know that there is one?

Mr. CARTON. I think there is.

Mr. CLARK. Do you know it?

Mr. CARTON. Only what I have been told. When we organized the company over there that was discussed, that is all; it was taken for granted.

Mr. CLARK. You established a factory over there to get the Canadian trade, and also that differential with England?

Mr. CARTON. To get the Canadian trade. We thought we could make them over there—what we sold in that market—instead of here.

The CHAIRMAN. I think they go into Canada under the machinery clause, at 30 per cent.

Mr. CLARK. That is what I supposed.

Mr. McCALL. Can you make them cheaper in Canada than here?

Mr. CARTON. No; I think not; not the actual making of them.

The CHAIRMAN. Is Mr. Blanchard present? [No response.] Is Mr. Walter West present? [No response.]

Is there any gentleman present who desires to be heard on any subject connected with the tariff? [No response.]

Mr. GAINES. That is the first time that has happened.

At 10.10 a. m. a recess was taken until 2 o'clock p. m.

AFTER RECESS.

The committee reassembled at the expiration of the recess, 2 p. m.

STATEMENT OF COL. JO. W. ALLISON, OF ENNIS, TEX.

(The witness was duly sworn by the chairman.)

Colonel ALLISON. I have prepared a statement, if the committee will allow me to read it. I am not accustomed to public speaking.

The CHAIRMAN. You may proceed.

Colonel ALLISON. Mr. Chairman and gentlemen, we are here as a committee representing the Interstate Cotton-Seed Crushers' Association, an organization composed of the greater number of all the cotton-seed oil mills in this country.

These mills number more than 800 and represent about \$80,000,000 of invested capital, employ about 50,000 people, and pay out about \$25,000,000 per year in wages.

They utilize as a raw material about 4,500,000 tons of cotton seed annually, which cotton seed forty years ago was an absolute waste product, and thus add yearly over \$100,000,000 to the material wealth of the country.

An important item in the cost of manufacture of our product is the cloth from which is made the wrapper or envelopes which are used to contain the cooked seed while being subjected to hydraulic pressure for the extraction of the oil. These envelopes are called press cloths and are made from camel's hair, it having been found, after repeated experiments and long experience, that no other material having necessary porosity and pliability will stand the great pressure to which they are necessarily subjected.

Repeated efforts have been made to find some other and less costly material for this purpose, and cotton, linen, wool, woven wire, perforated metals, and several various fibers have been tried, but all of these have been found unfit for the work and have been abandoned.

This press cloth is made in this country, principally, if not entirely, by four or five factories, who if not under one ownership or control, or in combination with each other, as is commonly charged, at least maintain an exceedingly firm and entirely uniform price in its sale; this price having varied but very slightly in years and now being about 62 cents per pound.

Press cloth is also largely made in England and in other foreign countries, but its importation into this country is entirely prohibited

by the high tariff imposed, and it is the consideration of this tariff, as now charged, that we would ask of the committee.

For it is really a clarification or interpretation of the present tariff we are asking rather than its reduction or entire abolition.

According to our view, in the act of 1897 Congress seems to have made special provision for this very material in paragraph 431, which says:

Hair cloth, known as "crinoline" cloth, ten cents per square yard. Hair cloth, known as "hair seating" and hair press cloth, twenty cents per square yard.

This would impose a duty of about 4 cents per pound, and as the English press cloth, which it is contended is superior to that of American manufacture, sells for about 37 to 38 cents per pound, would permit its importation at a cost about two-thirds of the price now charged the mills by the American manufacturers, reduce that item in the cost of manufacturing cotton-seed product from its present figure of about 30 cents per ton of seed worked to about 20 cents; and since the always active competition in the purchase of cotton seed would more than likely add this to the price paid for the raw material, would mean a saving to the cotton growers of the South of nearly \$500,000 per year.

It should be noticed, too, that the tariff under its present interpretation is absolutely prohibitive. No importations are made under it, and it is consequently productive of no revenue. While, on the other hand, did not the American manufacturers immediately improve their cloth and reduce their prices to meet the competition of the imported goods—which, however, it is believed they would do—this would mean an annual increase in the customs revenue from an entirely new source of about \$100,000.

That this is not an improbable conclusion is shown by the fact that when the act of 1897 was promulgated, relying upon the duty as named in the paragraph 431 just quoted, many importations of press cloth were made, and the foreign article was used by the mills with much satisfaction. But the appraisers of customs insisted that the duty should be collected not under this paragraph, but under paragraph 366, which reads:

On cloths, knit fabrics, and all manufactures of every description made wholly or in part of wool, not specially provided for in this act, valued at not more than forty cents per pound, the duty per pound shall be three times the duty imposed by this act on a pound of unwashed wool of the first class; valued at above forty cents per pound and not above seventy cents per pound, the duty per pound shall be four times the duty imposed by the act on one pound of unwashed wool of the first class, and in addition thereto, upon all the foregoing fifty per centum ad valorem; valued at over seventy cents per pound, the duty per pound shall be four times the duty imposed by this act on one pound of unwashed wool of the first class, and fifty-five per centum ad valorem.

And the duty was so collected and the importations thereby immediately stopped.

It is no more than fair to state here that the appraisers were influenced in this interpretation by paragraph 383, which reads:

Whenever in any schedule of this act the word "wool" is used in connection with a manufactured article of which it is a component material, it shall be held to include wool or hair of the sheep, camel, goat, alpaca, or other animal, whether manufactured by the woollen, worsted, felt, or any other process,

And because there appears in the wool schedule, in paragraph 348, these words:

All wools, hair of the camel, goat, alpaca, and other animals shall be divided for the purpose of fixing the duties to be charged thereon into the three following classes.

And the courts in the suit brought for the purpose of testing the soundness of this interpretation have upheld their decision.

Mr. DALZELL. That it should be taxed as wool?

Colonel ALLISON. Yes, sir. It is not, therefore, the interpretation of the law as made by the appraiser against which we protest as much as against the law itself.

And in this connection we would respectfully submit that the material affected is not produced in this country and can not by any means produced here, that no article or material produced in this country can possibly be used in substitution for it, and that the tariff as now construed benefits, if not merely one concern or one combination of a few concerns at most, not more than four or five concerns at the expense of a large number of manufacturers, large and small, and through them every producer of one of the country's principal agricultural products.

It should be noted here that no mention is made of the linseed, rape seed, castor bean, or other industries using press cloth, all of which are affected, but who it is presumed will be represented before your committee and will protect their several interests.

We would urge, too, that the interpretation of the tariff as asked by us will not in any way work to the detriment of the American wool grower, since no wool of any kind is used in the manufacture of press cloth, and since it has been clearly shown by actual experience that no cloth made either wholly or in part of wool can be substituted for that made of camel's hair, no matter what may be their relative value. No interest therefore can justly complain of the reduction asked other than the American manufacturers of the cloth now in use, who through a long period of high protection have grown fat at the expense of another and more widely distributed industry, which is even yet in the very infancy of its development and should not longer be compelled to carry the heavy burden which has been imposed upon it by an industry to which even now we are willing to concede a fair and liberal protection, and of which at most we only ask that it be compelled to partly meet the facilities offered us by their foreign competition.

The CHAIRMAN. What percentage of the cost of pressing the oil is the cost of this cloth?

Colonel ALLISON. About 50 cents per ton of seed crushed in the press cloth. The cost of crushing a ton of cotton seed is \$3.25 to \$4.50, according to the size of the mill and the location.

The CHAIRMAN. How much oil will a ton of cotton seed produce?

Colonel ALLISON. According to the locality. From about 34 gallons per ton of seed in southern Texas, and possibly 41, 42, or 43 gallons in the Mississippi Delta.

The CHAIRMAN. What is it worth?

Colonel ALLISON. It is worth in the mill about 30 cents—just 30 cents—crude, as it comes from the presses.

Mr. DALZELL. Would you like to have this cloth brought in under section 431?

Colonel ALLISON. Yes, sir; section 431, at 20 cents per square yard.

Mr. DALZELL. I see this question has been in the courts and has been decided both ways.

Colonel ALLISON. A suit was brought by the association which our committee represents for the purpose of testing it, our contention being that the cloth should be brought into the country under paragraph 431.

Mr. DALZELL. And it was so decided in one case.

Colonel ALLISON. But afterwards it was decided against us, and we lost the case.

Mr. RANDELL. What is the number of the section?

Mr. DALZELL. Section 431 is the one the witness says it ought to come in under.

Mr. RANDELL. But what section is it that it does come under?

Mr. DALZELL. Under the wool section, paragraph 366.

Colonel ALLISON. I wanted to state to the committee that I came here on about twelve hours' notice, and I wrote this article on the railroad train and referred to these sections from memory. I did not have a copy of the law before me, and may not have it word for word. I had only a memorandum of a previous presentation of the case which I had made to Secretary Shaw at the time this test case was brought, but I believe that the quotations are correct.

The CHAIRMAN. Do you know what it pays now under the wool schedule?

Colonel ALLISON. Three times the duty upon 1 pound of wool of the first class plus an ad valorem of 50 per cent; in other words, about 53 cents.

Mr. BOUTELL. What is it figured at ad valorem?

Colonel ALLISON. The American price for the cloth is about 62 cents, and the English price is about 37 or 38 cents. The market varies there, but it does not in the United States.

Mr. BOUTELL. About 150 per cent ad valorem?

Colonel ALLISON. Yes, sir; about that.

Mr. BONYNGE. And no importations are made?

Colonel ALLISON. Absolutely none.

Mr. BONYNGE. What do you use now?

Colonel ALLISON. The American cloth.

Mr. DALZELL. What do you call it, hair press cloth?

Colonel ALLISON. Camel's hair press cloth; yes, sir.

Mr. DALZELL. There are some importations—not many, of course—191 tons in 1907.

Colonel ALLISON. A few importations were made with the expectation that it would come under this paragraph 431, and we paid the duty of 4 cents a pound, or 20 cents per square yard.

Mr. BONYNGE. I understood you to say that there was nothing that could be used as a substitute?

Colonel ALLISON. Nothing.

Mr. BONYNGE. But you are using something?

Colonel ALLISON. I beg pardon, we are using camel's-hair cloth made of the imported camel's hair; made in the United States.

Mr. RANDELL. Made in the United States?

Colonel ALLISON. Yes, sir.

Mr. RANDELL. How many concerns make that?

Colonel ALLISON. Four and possibly some other smaller concerns that may possibly have been absorbed by others.

Mr. RANDELL. Is there any difference in price?

Colonel ALLISON. Absolutely none.

Mr. RANDELL. It really is exclusive and an opportunity for monopoly?

Colonel ALLISON. It is an absolute monopoly. The agencies selling one-priced cloth very frequently sell both the other kinds. The two or three leading cloths are sometimes handled by the same agent, and they are sold at absolutely the same price and upon the same terms.

Mr. RANDELL. You are interested in the production of cotton-seed oil as a crusher?

Colonel ALLISON. A crusher; yes, sir.

Mr. RANDELL. Have you any interest in the manufacture of the cloth?

Colonel ALLISON. None at all.

Mr. RANDELL. Have any of the crushers any interest in that?

Colonel ALLISON. Yes, sir; there are two of the factories that are owned, at least in part, by the crusher, but I do not know to what extent.

Mr. RANDELL. Do you have to buy from them on the same market and at the same price?

Colonel ALLISON. There is a factory in Columbia, S. C.

Mr. RANDELL. Why do you say that it is in the hands of a monopoly? What I mean by "monopoly" is an institution owned by either one person or a combination of persons, and which controls the price.

Colonel ALLISON. I am not in a position to say that this is a combination. I only speak from general report in regard to that.

Mr. RANDELL. Why do you think it is? You are in the business and have to buy them.

Colonel ALLISON. I think so because there are only four factories that I know of in active operation. They do not interfere with each other's prices in any sort of way, even, as has been tried, when a number of mills have made a combination of their press-cloth purchases. An ordinary interior mill will use three or four thousand dollars' worth of press cloth a year, and I have known as many as 25 or 30 of these mills to bunch their purchases, trying to get a concession in the price, offering to contract for their orders, provided some concession should be made; that is, trying to pit one manufacturer against the other. We have always found that each manufacturer was thoroughly informed of the offers being made to the other, and that there was no such thing as stirring the prices.

Mr. RANDELL. Some of these factories are smaller than one of the main factories, and I suppose you were trying to get orders from the smaller factories, so as to give them the benefit of competition. Have you tried to do that?

Colonel ALLISON. Frequently. We have tried to get one against the other, irrespective of their size. But we have found that the price has been absolutely the same, 62 cents a pound, not more or less. It is sold absolutely for cash, or drafts against bill of lading, and no sort of accommodation is extended to the buyer. It is absolutely at the same price.

Mr. RANDELL. Has there ever been any fact or circumstance, in your knowledge, that would indicate the interference of any one party over another with reference to orders?

Colonel ALLISON. Any specific facts?

Mr. RANDELL. Yes, sir.

Colonel ALLISON. Yes; I might quote cases where I knew—

Mr. RANDELL. Quote them, please.

Colonel ALLISON. I hesitate somewhat to do that; but then I suppose that I do not betray any confidence in saying that I know that agencies—

Mr. RANDELL. I will say, with reference to that, that while you are under oath I would not wish to ask a question that would require you to give anything away or that you would feel in honor bound not to give away. I do not want to impose upon you.

Colonel ALLISON. These are circumstances that come under my observation.

Mr. RANDELL. If you know of any circumstances which would indicate that these smaller factories had to comply with the price of the larger factories—if you can state that without violation of your personal honor, I would ask you to do it.

Colonel ALLISON. I have known at least one instance where an agency handling the cloth manufactured by two factories had been notified that it was giving to a certain factory a too large proportion of his orders, and that he must distribute his orders more evenly or both agencies would be taken away from him.

Mr. BONYNGE. Do you know what duty camel's hair pays, of which this cloth is made?

Colonel ALLISON. Four cents, I think; but I am not sure of that. I did state that in the paper, but, as I said, I wrote it from memory and I may not be correct; but I think it is 4 cents a pound.

The CHAIRMAN. The great difficulty is that the woolgrowers of Texas are due here to insist on 11 cents per pound duty on camel's hair. You ask for a duty on a product of raw wool below 32 cents. If we make our manufacturers pay 32 cents a pound on camel's hair, that accounts for the 32 cents duty on this article. In addition to that the manufacturers have a protection on their manufacture, which would seem to be too high for this class of goods. This would seem to be trying to pit the Texas woolgrowers against the Texas cottonseed raisers. They will have to get together on this article and agree on something if the committee shall act rightly to both of them.

Colonel ALLISON. Allow me to state, and I think it is an important point that I should state, that as a man of some thirty-five years' experience in the business, wool press cloth is absolutely unfit for our purposes, and that the cloth can not be made out of wool. We have tried it over and over again—all sorts of press cloth.

The CHAIRMAN. This was all thrashed out before the committee twelve years ago, and nineteen years ago, and the balance of testimony seemed to be that there were large quantities of camel's hair that could be used as wool, the same as cloth. I am not enough of an expert to know which told the truth, but the committee were inclined to believe that the people who said that camel's hair could be used as some kind of a substitute for wool had the best of the argument.

Colonel ALLISON. We are not in a position to defend that point at all, because we are interested only in the press cloth, and our contention is that press cloth can not be made of wool.

Mr. RANDELL. Suppose you and the woolgrowers get together and fix up some schedule which will suit both you and they, so that you could get your camel's-hair cloth in a way that you would not be robbed by a monopoly, and yet so that it would suit the other people. What would be your suggestion as to where the interests of the people would come in, even though the woolgrower and the cotton-seed crusher were satisfied? Do you think an agreement could be made between the woolgrower and the cotton-seed crusher so that the tariff could be fixed on this cloth and upon the wool goods, satisfying both, and at the same time give any show to the consumer? Are you in favor of the tariff based upon an agreement between you and the woolgrower?

Colonel ALLISON. If an equitable agreement could be made, I would be in favor of it. But I am neither a wool expert nor a tariff expert, and I do not know just exactly how that agreement could be arrived at. I am asking for the privilege of buying what is represented to us, and which my experience tends me to believe is, a better article at a price of about two-thirds of the price that I am forced to pay for the American article.

Mr. RANDELL. I understand that you are buying an article here in the hands of a power that dictates the price, and which excludes importations?

Colonel ALLISON. Absolutely.

Mr. RANDELL. And the Government gets no revenue?

Colonel ALLISON. No revenue out of the cloth. It may get a revenue out of the importation of the raw material—it does get a revenue out of the importation of the raw material, but not the cloth.

Mr. RANDELL. And you have to pay a tremendous price for that above the wool market, and you want to get relieved from that.

Colonel ALLISON. The open quotation for press cloth in the Liverpool market to-day—or was at the last quotation I saw some time ago—is about 37 cents. I have known it to sell for very much less than that. I am quite sure that, with a combination and a large purchase, it could be bought for a great deal less than that, and that from 10 to 15 cents per ton in the manufacture of cotton seed could be saved if we were enabled to buy the English cloth. There would be a further saving in the charge, repeatedly made, that the English cloth is a better cloth, and the press-cloth cost per ton of manufacture would be reduced there, making a saving of certainly not less than 10 cents, and possibly 15 cents. The competition in the production of cotton seed is extremely fierce, and the industry itself has not been, taking any considerable period of years together, a profitable one.

Mr. RANDELL. Suppose that the cost of materials necessary for the conversion of the cotton-seed oil was reduced, would that have any effect upon the price of cotton seed to the farmer?

Colonel ALLISON. I think it would.

Mr. RANDELL. Up or down?

Colonel ALLISON. I think it would largely tend to put the price of manufacturing down; it would almost immediately have that effect.

Mr. RANDELL. The price of the seed?

Colonel ALLISON. To put the cost of the manufacture down and the price of the seed up.

Mr. BOUTELL. And to keep the price of the oil just where it is?

Colonel ALLISON. Yes, sir. The price of the oil depends entirely upon the price of the competing greases. Cotton-seed oil is, even now, just beginning to make a position of its own in the markets of the world. It has been for years sold in competition with other fats derived from other sources, and sold largely as a substitute.

Mr. RANDELL. In that connection: You have been in the business for thirty years and over. Take the present legislation with reference to taxes, tariff, and internal, has the cotton-seed oil, or grease, in your opinion, a fair chance in the markets of this country and of the world under our present laws?

Colonel ALLISON. No, sir; it has not.

Mr. RANDELL. What is the matter?

Colonel ALLISON. It is under the imputation——

Mr. RANDELL. I wish you would explain that, so we can have an opportunity to correct that.

Colonel ALLISON. That is quite a wide subject, and without some special preparation I dislike to discuss it very much; but I would refer to the tax imposed upon oleomargarine, of which cotton-seed oil is a component, and in the effect in the manufacture of oleomargarine. It goes further than the imposition of a tax, in that the manufacturer of oleomargarine is subject to all the restrictions that surround a taxed industry and subject to revenue inspection. What I am trying to get at is this: The farmers of the country, and I believe the farmers of the Northwest, who were enthusiastically in favor of the oleomargarine law, are beginning to realize that every pound of butter consumed in this country, to the great benefit of the butter itself, may be augmented by the use of cotton-seed oil in the churning process. At my own home—and I am a breeder of Jersey cattle, and a little proud of the cattle I raise and of the butter I make for my own table—not a pound of it contains less than 5 to 10 per cent—according to the temperature—of cotton-seed oil. I do not sell the butter, and consequently I am in a position to do that. The cotton-seed oil people have advocated the use of cotton-seed oil to the farmers in augmenting the quality and quantity of the butter produced, but they have always been compelled to state to them specifically that they can not use it if they offer any butter for sale, because the farmer can not put cotton-seed oil in his butter and offer it for sale unless, within the purview of the revenue laws, he becomes a manufacturer of artificial butter and subject to arrest and the imposition of heavy fines. On one or two occasions I had the pleasure of showing the revenue officials my own process of making butter and had to go to the trouble to prove that I did not sell any.

Mr. UNDERWOOD. As to this camel's-hair press cloth, is it used for any other purpose excepting pressing cotton seed?

Colonel ALLISON. It is used in the linseed mills; we use it in the cotton-seed mills, and it is used in the rape-seed and the castor-bean mills in the same way.

Mr. UNDERWOOD. It is used entirely in the mills to press the oil out of the seed?

Colonel ALLISON. Yes; and any kindred interests wherever a combination of the hydraulic press is used. It is used in the manufacture of essential oils, but I am not familiar with things of that kind.

Mr. UNDERWOOD. In all of the scope of things for which it can be used, could wool or any other cloth be used to advantage?

Colonel ALLISON. Not in the manufacture of cotton seed. I am not expert in the other branches, and do not know, and could not say positively.

Mr. UNDERWOOD. You have not any information, then, as to whether there is any competition between this camel's-hair press cloth and the wool cloth?

Colonel ALLISON. Only the general information that no such thing as wool press cloth is made or offered on the market. Cotton press cloth has been from time to time. Every once and a while some new man who is not familiar with cotton-seed products suddenly discovers that he has found a material for making this press cloth, and he offers the trade some new material. That happens periodically every three or four years. The mills are eager to try it, because they are eager to resist what is called the oppression of the press-cloth monopoly. It is offered, but always abandoned.

Mr. UNDERWOOD. Then, in your judgment, no matter whether there is competition between camel's hair and wool in other industries, so far as this camel's-hair press cloth is concerned, it fills a position in the trade by itself and has no competitors?

Colonel ALLISON. Absolutely so.

Mr. UNDERWOOD. You stated that the price was 62 cents per pound. This is sold by the pound?

Colonel ALLISON. Yes, sir.

Mr. UNDERWOOD. I notice that paragraph 431, which you ask to have applied to the duty, provides for a 20 per cent duty per square yard. How much does a yard of this cloth weigh?

Colonel ALLISON. It is of varying thickness. That is very much of a fad, possibly, amongst the mill men. One man will tell you that he gets better results by using the heavy press cloth and another by using the lightly woven cloth. I have said here that that would amount to about 4 cents a pound. That is from an estimate upon the cloth used in my own mill. The press cloth in my own mill is 60 inches long and 14 inches wide and it weighs about $4\frac{1}{2}$ pounds, the texture that I use.

Mr. UNDERWOOD. Do I understand you to say that the duty that you desire would amount to about 4 cents a pound?

Colonel ALLISON. About 4 cents a pound.

Mr. UNDERWOOD. What does the present duty as now charged amount to per pound?

Colonel ALLISON. About 53 cents.

Mr. BONYNGE. You want the duty by the pound or by the yard?

Colonel ALLISON. It is bought and sold by the pound, because it is of a great many varying weights. It is cut into strips. In my mill I use a strip 14 inches wide and 60 inches long. That strip of cloth is laid in the machine called the "former." The former is 28 inches long. That cloth is folded around the former, and then it is filled with cooked meats and folded in that shape [indicating]. Then it is put in the box with hydraulic pressure, a pressure of between 4,500

and 5,000 pounds per square inch, which is applied for about twenty minutes. The oil exudes from the ends and through the perforations in the bottom plate. That requires a cloth of tremendously strong fiber, and at the same time porous enough not to be clogged by the particles of meat, and pliable enough so that it may be unwrapped and will not stick to the cake. We thought some fifteen or twenty years ago that we had discovered, in the importation of a Mexican fiber, a grass grown in Mexico, a product that we could use, but we found that we could not get it off the cake. There is something in the nature of the camel's-hair cloth by which, when the cake is taken out, the cloth immediately pulls away from it.

The CHAIRMAN. That is all, Colonel Allison.

Is Mr. H. M. Blanchard present? [No response.]

Is Mr. Walter West present? [No response.]

Is any other person present who would like to be heard on any subject connected with the revision of the tariff. [No response.]

(Thereupon, at 2.50 p. m., the committee adjourned to meet again at 9.30 a. m. Tuesday, December 15, 1908.)

APPENDIX.

SCHEDULE A.—CHEMICALS, OILS AND PAINTS.

ARTIFICIAL ALIZARIN.

THE CASSELLA COLOR COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF RELATIVE TO DUTY ON ALIZARIN.

New York, *December 10, 1908.*

Hon. JOHN DALZELL,
Committee on Ways and Means,
Washington, D. C.

SIR: I venture to send the inclosed explanatory and supplementary to my brief on coal-tar dyes now dutiable at 30 per cent ad valorem and for those coal-tar dyes on the free list known as artificial alizarin and dyes derived from alizarin, and venture to bespeak for it your consideration.

Respectfully,

CASSELLA COLOR COMPANY,
Per W. J. MATHESON.

New York, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Some twenty-five years ago, before the patent on artificial alizarin was declared invalid by the courts, and when the duty was \$1 per pound on anilin, or coal-tar dyes, the importers and agents in this country secured a provision for the free entry of alizarin, natural or artificial, and subsequently for alizarin natural or artificial dyes derived from alizarin. Until this patent was declared invalid the importers collected from the consumers the \$1 per pound duty which had been remitted by Congress from the tariff; that is to say, while the color was selling, say, for 25 cents per pound in Europe they collected \$1.25 for it here. When the patent was declared invalid the price of it dropped to a parity of that in England.

The argument which the importers at that time made, and which they still maintain, as a reason for admitting this coal-tar dye free while the others pay under the present tariff 30 per cent, is that dyes produced from alizarin are faster and better than the colors produced on fabrics from the other coal-tar dyes. While this was true twenty-five years ago, it has not been the case for a number of years past, and if the principle is to be adopted by the Congress in framing a tariff of imposing a duty on coal-tar dyes according to

their fastness and desirability for textile fabrics, it would not only necessitate a different duty for each coal-tar dye according to its fastness if logical rules are to be followed, but it would necessitate the Government paying bounty on such dyes, of which there are a number now that are faster and more desirable for use in dyeing textile fabrics than is alizarin natural or artificial dyes derived from alizarin. It is manifestly unfair that one coal-tar dye should be taxed and another coal-tar dye, like artificial alizarin or dyes derived from alizarin, should be free, as they are both coal-tar dyes. In simple justice they should all be treated alike—all taxed or all free.

The carrying out of this simple act of justice would add to the revenues, for by whatever amount the importations of artificial alizarins might be decreased because of levying on them, say, a duty of 30 per cent, as is levied on other coal-tar dyes, the consumption of the other coal-tar dyes competing with artificial alizarin would be proportionately increased.

CASSELLA COLOR COMPANY,
Per W. J. MATHESON.

MOVING PICTURES.

AMERICAN MANUFACTURERS ASK FOR A SPECIFIC ENUMERATION OF THESE ARTICLES.

WASHINGTON, D. C., *December 12, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We, the undersigned, manufacturers of moving pictures, address the committee on behalf of the moving-picture manufacturing industry of this country.

Moving pictures are of comparatively recent origin, and at the date of the tariff act in 1897 they were known only to a very limited extent and not considered an important article of commerce. At that time the pictures were usually viewed directly in a coin-operated machine, whereas at the present time they are projected upon screens so as to be simultaneously viewed by hundreds of persons. It is true that to a very limited extent projecting machines were in use in this country in 1897, but such use was practically limited to a few foreign exhibitors and it has not been until very recent years that the industry has developed to an extensive size, although, as is well known, the art was first developed in this country by Mr. Edison a number of years before.

Because of these facts, moving pictures were not specifically provided for in the act of 1897, either as to the machines, which, like the magic lantern, project the pictures on a screen, or as to the pictures themselves, comprising very long strips of celluloid from 1 to 2,000 feet in length, and containing an enormous number of photographs of moving objects.

METHOD OF PRODUCTION.

The production of moving pictures is essentially an artistic work, the scenes being acted by trained performers before a moving-picture camera containing sensitized negative film and in large studios

having most of the accessories of a theater, and it was not unnatural, therefore, that the business should have found its first great development in France.

In recent years, however, the American manufacturers have very materially improved the quality of their output, so that the domestic pictures compare favorably with the best foreign productions.

Having obtained a suitable negative film in the studio, as explained, as many copies or positives are printed therefrom as may be necessary, and these copies or positives are sold by the manufacturers to various rental exchanges, by whom they are rented out from day to day to the many thousand 5-cent theaters or nickelodeons.

IMPORTANCE OF INDUSTRY.

At the present time, the business in this country, so far as manufacturing is concerned, is conducted by the following companies:

American Mutoscope and Biograph Company, whose studio is located in New York City, and whose printing and developing plant is located in Hoboken, N. J.; Edison Manufacturing Company, of Orange, N. J., whose studio is located near the Bronx Park, New York, N. Y., and whose developing and manufacturing plant is located at Orange, N. J.; Essanay Company, with a studio and printing and developing plant at Chicago, Ill.; Kalem Company, with a studio and printing and developing plant in New York City; S. Lubin, with a studio and printing and developing plant in Philadelphia; George Melies Company, whose studio is in Montreuil, France, and whose printing and developing plant is in New York City; Pathé Freres, whose studios are located at Paris, Vincennes, and Montrouil, France, and whose printing and developing plant is located at Bound Brook, N. J.; Selig Polyscope Company, whose studio and plant are located at Chicago, Ill.; and The Vitagraph Company of America, whose studio and plant are located near Brooklyn, N. Y.

These concerns comprise practically the entire manufacturing industry in this country, and turn out probably 99 per cent of the moving pictures of American make. All of these concerns, with the exception of Pathé Freres and the George Melies Company, perform all of their manufacturing operations in this country, their studios being located here and the negative pictures being manufactured at very great expense. In the case of Pathé Freres and the George Melies Company the negatives are made in France and are exported into this country and positive prints manufactured from them here, but it is interesting to note that the celluloid films for both negatives and positives made by these companies are the products of the Eastman Kodak Company, of Rochester, N. Y., which supplies a very large part of the films used by foreign manufacturers for their own home consumption and for exportation to the United States.

Up to the past year considerably more than half of the moving pictures used in the United States were imported, but with the removal of the Pathé plant to this country in the summer of 1908 the large importations of films by them were stopped and an equivalent amount added to American manufacture, so that at the present time probably upward of 80 per cent of the moving pictures used in this country are manufactured here.

The value of the actual investment at the present time in manufacturing plants in this country, excluding patents, trade-marks, and good will, is over \$2,000,000, and between 1,000 and 2,000 employees are actually engaged in making the pictures, but the industry is developing rapidly and will, no doubt, in the future be very much larger.

COST OF AMERICAN MANUFACTURE.

At the present time the cost of moving pictures to the American manufacturers is not far from 6 cents per foot, the raw material purchased from the Eastman Kodak Company costing 3 cents per foot, the cost of printing and developing and fixed charges amounting to about 1 cent per foot, the remaining 2 cents being taken up in the cost of manufacturing the negative. Of course, the cost of making the negative depends very largely upon the subject-matter and, in the case of an outdoor scene, the cost may be very low, and, besides this, the negative cost per foot depends, of course, upon the number of positive prints actually sold, but it is a fair statement to make that the average cost of the negative film per foot is not far from 2 cents. The films which thus cost the American manufacturers about 6 cents per foot are sold in this country for prices ranging from 10 cents per foot down to 5 cents per foot, depending upon the age of the film, the deterioration in value when a film is not sold promptly being such that the manufacturers are compelled, in order to get rid of them, to sell them below cost. In other words, the moving-picture manufacturers are compelled to sacrifice their product when it is no longer current, in just the same way that a magazine publisher is unable to obtain the ordinary price for an out-of-date copy of his publication.

THE PRESENT DUTY AND ITS UNCERTAINTY.

When moving pictures were first imported into this country, they were classified by the customs authorities under section 17 of the act as "articles of which collodion or any compound of pyroxylin is the component material of chief value, sixty-five cents per pound and twenty-five per centum ad valorem." The specific duty of 65 cents per pound corresponds to substantially 5 per cent or more on an invoiced value of 6 cents per foot or 1 franc per meter, which is the valuation accepted by the customs authorities in New York. The importers, however, protested against this classification and urged that the films should have been classified under section 458 of the act as "photographic dry plates or films, twenty-five per centum ad valorem." The matter of the 65 cents per pound specific duty was therefore protested, and these protests have recently been argued, we understand, by the importers before the Board of General Appraisers, of New York, who have not yet decided the question. If this specific duty is remitted by the customs authorities, the films under the present tariff act will be subject only to a duty of 25 per cent ad valorem. A duty corresponding to that levied by the customs authorities under section 17 of the act (25 per cent ad valorem and 65 cents per pound) amounting in the aggregate to 30 per cent ad valorem is necessary, as we shall show, if this industry is to develop in the face of foreign competition. It is, however, unsatisfactory to have any uncertainty

on the question, and the American manufacturers respectfully hope that a duty on moving pictures be specially provided for in a future tariff schedule. Furthermore, it is a matter of common rumor that in the near future the Eastman Kodak Company intends to put out a noninflammable film, which, we understand, is not made of celluloid or pyroxylin or collodion, so that unless a definite duty is now laid there will be grave doubt whether any section of the present act applies to this industry.

ADVANTAGE OF FOREIGN MANUFACTURERS.

The industry is a young and struggling one and is jeopardized at all times by the importation into this country of foreign films. In fact, the moving-picture industry, so far as the films are concerned, offers an opportunity par excellence for "dumping," because the foreign manufacturer has a large home market from which he makes a profit, and he can afford to regard his negatives as being paid for by the European trade. Prints can be struck off with the same facility as one would make copies of a photolithographic plate, and the foreign pictures which are thus sent to this country are brought here for very much less than the cost of manufacture to the American producer. The foreign manufacturer, unless suitable protection were given, could afford to sell foreign-made moving pictures in this country for 6 cents per foot and still make a handsome profit, because his negatives have already been paid for by the demand in his home market and the prints which would be sold in this country would not cost more than 4 cents per foot. With the present duty, however, of 25 per cent ad valorem based on an invoice value of 6 cents per foot and an additional 5 per cent for the specific tax, the entire duty which the importer pays amounts to about 1.8 cents, so that the foreigner can land his films in this country for about 5.8 cents per foot or very slightly under the cost of manufacture by the American producer.

THE DUTY WHICH THE INDUSTRY REQUIRES FOR ITS PROTECTION.

All that the American moving-picture manufacturers ask is the maintenance of a duty which places their domestic films on an equality with the imported foreign films, so that both practically compete on the same cost of production. A duty of 30 per cent ad valorem, to which the present duty amounts in the aggregate, would add no more than this, and, if provided, the American manufacturers would be able to encounter the competition of the foreign manufacturers, who would then be required to sell their pictures in this country on terms of exact equality with the domestic product. We respectfully ask that this duty be specifically provided for in the forthcoming tariff schedule. As a matter of fact, the readiness with which foreign pictures may be dumped in this country would apparently make it necessary, in order that the industry may be properly protected, to have the tariff actually raised. This is especially true when we consider the fact that the invoiced value of 6 cents per foot placed on these films by the customs authorities in New York is purely arbitrary, since it is a well-known fact that foreign films are now being imported into this country for as low as 5.4 cents per foot. If, therefore, foreign films were dumped in this country at cost (excluding the expense of the negatives), the invoice value might be re-

duced to as low as 4 cents, so that a duty of 30 per cent would enable them to leave the custom-house at a total cost of 5.2 cents, or almost 1 cent below the actual cost to the American manufacturer.

At the present time moving pictures are immensely popular, a very great demand exists for them, and good, but by no means large, profits are obtained by the American manufacturer, as well as by the importers of foreign films; but this situation is due largely to the fact that the demand is greater than the supply, and when normal conditions are reached and it becomes a question of more active competition between the American and foreign pictures the American manufacturer will be no longer able to stay in the business unless he is given protection to at least the difference between what it costs him to make the pictures and the cost at which such pictures can be laid down in this country.

The industry which we represent is not large when compared with many American industries, but it contains the germ of enormous possibilities, and the time may not be far distant when most of the theatrical entertainments in this country will include, as a very important part, a moving-picture machine.

THE DUTY ON MOVING-PICTURE MACHINES.

So far as the duty on machines is concerned, at the present time this is 45 per cent ad valorem. It is difficult to make a fair statement as to the exact facts of this duty for the reason that the conditions of the American fire underwriters require the use of attachments and improvements which have so far not been adopted by the foreign manufacturers, so that practically no foreign machines are imported. The manufacture of moving-picture machines is, however, an ordinary mechanical operation. Of the undersigned, only the Edison Company, the Selig Company, and S. Lubin are active manufacturers in this country of these machines, although they are also manufactured by other makers in this country, who may be heard by the committee. Our conclusion regarding machines, therefore, is that they should have the same degree of protection that any similar piece of machinery should have, which under the present act is 45 per cent ad valorem.

Very respectfully,

H. N. MARVIN,
Vice-President American Mutoscope and Biograph Company.

FRANK L. DYER,
Vice-President Edison Manufacturing Company.

GEORGE K. SPOOR,
President Essanay Company.

SAMUEL LONG,
President Kalem Company.

SIEGMUND LUBIN.
J. J. LODGE,
Vice-President George Melies Company.

J. A. BERST,
Vice-President Pathé Freres.

W. N. SELIG,
President Selig Polyscope Company.

W. T. ROCK,
President Vitagraph Company of America.

SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

PLATE GLASS.

COMMITTEE REPRESENTING PLATE-GLASS MANUFACTURERS FILES LIST OF FREIGHT RATES TO COMMON POINTS.

DECEMBER 10, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

DEAR SIR: Complying with the request made by the committee at the time that our committee had the privilege of appearing before them in the interest of the various plate-glass manufacturers to submit the freight rates from the various factories to common points, I beg to hand you herewith inclosed such rates from the various locations to common points. Generally speaking, carload shipments take second and third class, while less than carload first class.

If there is anything further that the committee should desire in this connection, or any other points touched upon, we should be very glad indeed to respond.

Respectfully submitted by committee.

W. J. VANCE.

H. G. TRAUTMAN.

W. L. KANN.

By W. L. KANN.

Freight rates in classes.

From Kittanning, Pa., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.	\$1.26	\$1.15	\$0.95	\$0.73
Baltimore, Md.	.37	.31	.27	.18
Boston, Mass.	.60	.43	.33	.24
Buffalo, N. Y.	.85	.30	.22	.14
Chicago, Ill.	.45	.39	.30	.21
Cincinnati, Ohio.	.41	.35	.26	.18
Cleveland, Ohio.	.27	.24	.20	.13
Columbus, Ohio.	.33	.28	.22	.15
Dayton, Ohio.	.38	.33	.24	.16
Denver, Colo.	2.40	1.03	1.52	1.18
Detroit, Mich.	.41	.35	.26	.18
Evansville, Ind.	.51	.44	.34	.24
Indianapolis, Ind.	.44	.37	.28	.19
Kansas City, Mo.	1.15	.93	.72	.53
Los Angeles, Cal.	*2.20			*1.50
Louisville, Ky.	.45	.39	.30	.21
Lincoln, Nebr.	1.21	.98	.76	.57
Milwaukee, Wis.	.47	.41	.32	.23
Newark, N. J.	.45	.39	.30	.21
New Orleans, La.	1.16	.95	.79	.61
New York, N. Y.	.45	.39	.30	.21
Omaha, Nebr.	1.15	.93	.72	.53
Philadelphia, Pa.	.39	.33	.25	.19
Pittsburg, Pa.	.20	.16	.12	.09

* 24,000 pounds carload minimum weight.

Freight rates in classes—Continued.

From Kittanning, Pa., to—	First.	Second.	Thrd.	Fourth.
Portland, Oreg.....	\$2.20		\$1.50	
Richmond, Va.....	.54½	\$0.47	.35½	\$0.24
Sacramento, Cal.....	2.20		1.50	
St. Louis, Mo.....	.50½	.48½	.37	.26
St. Paul, Minn.....	.95	.70	.60	.42
San Francisco, Cal.....	2.20		1.50	
Washington, D. C.....	.37	.31	.27	.18
Minneapolis, Minn.....	.95	.70	.60	.42
Grand Rapids, Mich.....	.45	.39	.30	.21
Saginaw, Mich.....	.45	.39	.30	.21
Toledo, Ohio.....	.36	.31	.23	.16
Rockford, Ill.....	.64	.55½	.42½	.29½
Quincy, Ill.....	.50½	.40	.37½	.26½
Richmond, Va.....	.54½	.47	.35½	.24
Newport News, Va.....				

Above are class rates applying on plate glass from Kittanning, Pa., to points shown.

Freight rates in classes, December 8, 1908.

From Glassmere, Pa., to—	First.	Second.	Thrd.	Fourth.
Atlanta, Ga.....	\$1.20	\$1.15	\$0.95	\$0.73
Baltimore, Md.....	.37	.31	.27	.18
Boston, Mass.....	.50	.43	.33	.24
Buffalo, N. Y.....	.35	.30	.22	.14½
Chicago, Ill.....	.46	.39	.30	.21
Cincinnati, Ohio.....	.41	.35	.26	.18
Cleveland, Ohio.....	.27½	.24	.20	.13
Columbus, Ohio.....	.33	.28½	.22	.13
Dayton, Ohio.....	.38½	.33	.24½	.16½
Denver, Colo.....	2.41½	1.04	1.50	1.18½
Detroit, Mich.....	.41	.35	.26	.18
Evansville, Ind.....	.51	.44½	.34	.24
Indianapolis, Ind.....	.44	.37½	.28½	.19½
Kansas City, Mo.....	1.25	1.04	.75	.53
Los Angeles, Cal.....	(*)		(*)	
Louisville, Ky.....	.45	.39	.30	.21
Milwaukee, Wis.....	.47	.41	.32	.23
Newark, N. J.....	.45	.39	.30	.21
New Orleans, La.....	1.16	.95	.79	.61
New York, N. Y.....	.45	.39	.30	.21
Omaha, Nebr.....	1.25	1.04	.75	.53
Philadelphia, Pa.....	.30	.23	.23	.19
Pittsburg, Pa.....	.12½	.12	.10	.08
Portland, Oreg.....	(*)		(*)	
Richmond, Va.....	.54½	.47	.35½	.24
Sacramento, Cal.....	(*)		(*)	
St. Louis, Mo.....	.50½	.49	.37½	.26
St. Paul, Minn.....	.95	.70	.60	.42
San Francisco, Cal.....	(*)		(*)	
Washington, D. C.....	.37	.31	.27	.18
Minneapolis, Minn.....	.95	.70	.60	.42
Grand Rapids, Mich.....	.45	.39	.30	.21
Saginaw, Mich.....	.45	.39	.30	.21
Toledo, Ohio.....	.36	.31	.23	.16
Rockford, Ill.....	.55½	.48½	.37	.26
Quincy, Ill.....	.63½	.56½	.43½	.26
Richmond, Va.....	.54½	.47	.35½	.24
Newport News, Va.....	.54½	.47	.35½	.24

* Less than carload, \$2.20.

° Carload, \$1.50.

Rate from the Heidenkamp Mirror Company, Hite, Pa., will be the same as above.

Above are class rates applying on plate glass from Glassmere, Pa., to points shown.

Freight rates in classes, December 1, 1908.

From Butler, Pa., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.....	\$1.26	\$1.15	\$0.95	\$0.58
Baltimore, Md.....	.37	.31	.27	.18
Boston, Mass.....	.50	.43	.33	.28
Buffalo, N. Y.....	.35	.30	.22	.14½
Chicago, Ill.....	.46	.39	.30	.21
Cincinnati, Ohio.....	.41	.35	.26	.18
Cleveland, Ohio.....	.27½	.24	.20	.13
Columbus, Ohio.....	.33	.28½	.22	.15
Dayton, Ohio.....	.38½	.33	.24½	.16½
Denver, Colo.....	2.41½	1.94	1.62½	1.18
Detroit, Mich.....	.41	.35	.26	.18
Evansville, Ind.....	.51	.44½	.34	.24
Grand Rapids, Mich.....	.45	.39	.30	.21
Indianapolis, Ind.....	.41	.37½	.28½	.19½
Kansas City, Mo.....	1.16½	.94	.72½	.53
Los Angeles, Cal.....	(a)	(b)		
Louisville, Ky.....	.45	.39	.30	.21
Lincoln, Nebr.....	1.21½	.99	.76½	.57
Milwaukee, Wis.....	.47	.41	.32	.23
Minneapolis, Minn.....	.95	.79	.60	.42
Newark, N. J.....	.45	.39	.30	.21
New Orleans, La.....	1.16	.95	.79	.61
Newport News, Va.....	.54½	.47	.35½	.24
New York, N. Y.....	.45	.39	.30	.21
Omaha, Nebr.....	1.16½	.94	.72½	.53
Philadelphia, Pa.....	.39	.33	.28	.19
Pittsburg, Pa.....	.12½	.12	.10	.08
Portland, Oreg.....	(a)	(b)		
Quincy, Ill.....	.56½	.49	.37½	.26
Richmond, Va.....	.54½	.47	.35½	.24
Sacramento, Cal.....	(a)	(b)		
St. Louis, Mo.....	.56½	.49	.37½	.26
St. Paul, Minn.....	.95	.79	.60	.42
San Francisco, Cal.....	(a)	(b)		
Saginaw, Mich.....	.45	.39	.30	.21
Rockford, Ill.....	.55½	.48½	.37	.26
Toledo, Ohio.....	.36	.31	.23	.16
Washington, D. C.....	.37	.31	.27	.18

* Less than carload, \$2.20.

* Carload, \$1.50.

Above are class rates applying on plate glass from Butler, Pa., to points shown.

Freight rates in classes, December 1, 1908.

From Valley Park, Mo., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.....	\$1.21	\$1.06	\$0.95	\$0.75
Baltimore, Md.....	.92½	.81	.58½	.41
Boston, Mass.....	1.02½	.90	.66½	.48
Buffalo, N. Y.....	.61½	.57	.40½	.29½
Chicago, Ill.....	.513	.432	.29½	.23
Cincinnati, Ohio.....	.49	.42½	.28½	.20½
Cleveland, Ohio.....	.60½	.53	.36½	.26½
Columbus, Ohio.....	.54	.47½	.33½	.24½
Dayton, Ohio.....	.50	.43½	.29½	.21½
Denver, Colo.....	1.85	1.45	1.15	.92
Detroit, Mich.....	.54	.47½	.33½	.24½
Evansville, Ind.....	.39	.34	.21	.16
Indianapolis, Ind.....	.46	.40½	.27	.19½
Kansas City, Mo.....	.60	.45	.35	.27
Los Angeles, Cal.....	(a)	(b)		
Louisville, Ky.....	.49	.42½	.28½	.20½
Lincoln, Nebr.....	.65	.60	.39	.31
Milwaukee, Wis.....	.73	.482	.315	.24
Newark, N. J.....	.96½	.81	.61½	.44
New Orleans, La.....	.90	.75	.65	.50
New York, N. Y.....	.96½	.84	.61½	.44
Omaha, Nebr.....	.60	.45	.35	.27
Philadelphia, Pa.....	.93½	.82	.59½	.42
Pittsburg, Pa.....	.64½	.57	.40½	.29½
Portland, Oreg.....	(a)	(b)		
Richmond, Va.....	.92½	.81	.58½	.41

* Less than carload, \$2.20.

* Carload, \$1.50.

Freight rates in classes, December 1, 1908—Continued.

From Valley Park, Mo., to—	First.	Second.	Third.	Fourth.
Sacramento, Cal.....				
St. Louis, Mo.....	(a)		(b)	
St. Paul, Minn.....	\$0.71	\$0.60½	\$0.45	\$0.29
San Francisco, Cal.....	(c)		(d)	
Washington, D. C.....	.92½	.81	.58½	.41
Minneapolis, Minn.....	.71	.60½	.45	.29
Grand Rapids, Mich.....	.54	.47½	.33½	.24½
Saginaw, Mich.....	.60	.52½	.37½	.27½
Toledo, Ohio.....	.54	.47½	.38½	.24½
Rockford, Ill.....	.51½	.43½	.29½	.22
Quincy, Ill.....	.40	.35	.24	.18
Richmond, Va.....				
Newport News, Va.....	.92½	.91	.58½	.41

* Less than carload, \$2.20.
 * Less than carload, \$0.08.

b Carload, \$1.50.
 c Carload, \$0.03.

The above are class rates applying on plate glass from Valley Park, Mo., to points shown.

Freight rates in classes, November 30, 1908.

From Alexandria, Ind., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.....	\$1.24	\$1.04	\$0.75	\$0.57
Baltimore, Md.....	.66	.57	.43	.29
Boston, Mass.....	.76	.66	.51	.36
Buffalo, N. Y.....	.42	.36	.27	.19½
Chicago, Ill.....	.31½	.27	.21½	.14
Cincinnati, Ohio.....	.26	.23	.19½	.13
Cleveland, Ohio.....	.37	.32	.23½	.16
Columbus, Ohio.....	.31½	.27	.21½	.14
Dayton, Ohio.....	.24½	.22	.19½	.12½
Denver, Colo.....	2.23½	1.78	1.39½	1.08½
Detroit, Mich.....	.35	.30	.22½	.15
Evansville, Ind.....	.38½	.33	.24½	.16½
Indianapolis, Ind.....	.18	.16	.15	.10
Kansas City, Mo.....	.9½	.78	.59½	.43½
Los Angeles, Cal.....	(a)		(b)	
Louisville Ky.....	.27	.24	.20½	.14
Lincoln, Nebr.....	1.03½	.83	.63½	.47½
Milwaukee, Wis.....	.37½	.32	.25½	.17
Newark, N. J.....	.69	.60	.46	.32
New Orleans, La.....	1.10	.90	.75	.58
New York City.....	.69	.60	.46	.32
Omaha, Nebr.....	.98½	.78	.59½	.43½
Philadelphia, Pa.....	.67	.58	.44	.30
Pittsburg, Pa.....	.42	.36	.27	.19½
Portland, Oreg.....	(a)		(b)	
Richmond, Va.....	.66	.57	.43	.29
Sacramento, Cal.....	(a)		(b)	
St. Louis, Mo.....	.38½	.33	.24½	.16½
St. Paul, Minn.....	.81	.69	.51	.35
San Francisco, Cal.....	(a)		(b)	
Washington, D. C.....	.66	.57	.43	.29
Minneapolis, Minn.....	.81	.69	.51	.35
Grand Rapids, Mich.....	.40	.34	.25	.17
Saginaw, Mich.....	.42	.36	.27	.19½
Toledo, Ohio.....	.31½	.27	.21½	.14
Rockford, Ill.....	.47	.42	.32	.22
Quincy, Ill.....	.47	.35	.27	.18
Richmond, Va.....				
Newport News, Va.....	.66	.57	.43	.29

* Less than carload, \$2.20.

b Carload, \$1.50.

The above are class rates applying on plate glass from Alexandria, Ind., to points shown.

Freight rates in classes, December 2, 1908.

From Blairville, Pa., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.	\$1.26	\$1.15	\$0.95	\$0.78
Baltimore, Md.	.34	.28	.24	.16
Boston, Mass.	.47	.40	.30	.22
Buffalo, N. Y.	.35	.30	.22	.14.5
Chicago, Ill.	.48	.42	.33	.23
Cincinnati, Ohio.	.44	.38	.29	.20
Cleveland, Ohio.	.30.5	.27	.23	.15
Columbus, Ohio.	.36	.31.5	.25	.17
Dayton, Ohio.	.41.5	.36	.27.5	.18.5
Denver, Colo.	2.53	2.07	1.58	1.20
Detroit, Mich.	.44	.38	.29	.20
Evansville, Ind.	.54	.47.5	.37	.26
Indianapolis, Ind.	.47	.40.5	.31.5	.21.5
Kansas City, Mo.	1.28	1.07	.78	.55
Los Angeles, Cal.	(*)		(*)	
Louisville, Ky.	.48	.42	.33	.23
Lincoln, Nebr.	1.33	1.12	.82	.59
Milwaukee, Wis.	.50	.44	.35	.25
Minneapolis, Minn.	.98	.82	.63	.44
Memphis, Tenn.	.91	.70	.59	.46
Nashville, Tenn.	.83	.72	.58	.44
Newark, N. J.	.42	.36	.27	.19
New Orleans, La.	1.16	.95	.79	.61
New York, N. Y.	.42	.36	.27	.19
Omaha, Nebr.	1.28	1.07	.78	.55
Philadelphia, Pa.	.36	.30	.25	.17
Pittsburg, Pa.	.22	.18	.14	.09
Portland, Oreg.	(*)		(*)	
Richmond, Va.	.51.5	.44	.32.5	.22
Rockford, Ill.	.68.5	.51.5	.40	.28
Sacramento, Cal.	(*)		(*)	
St. Louis, Mo.	.60.5	.53.5	.42	.30
St. Paul, Minn.	.98	.82	.63	.44
San Francisco, Cal.	(*)		(*)	
Washington, D. C.	.34	.28	.24	.16
Seattle, Wash.	(*)		(*)	
Grand Rapids, Mich.	.48	.42	.33	.23
Saginaw, Mich.	.48	.42	.33	.23
Toledo, Ohio.	.39	.34	.26	.18
Quincy, Ill.	.68	.59.5	.46.5	.32.5

* Less than carload, \$2.20.

* Carloads, \$1.50.

Freight rates in classes, December 2, 1908.

From Toledo, Ohio, to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.	\$1.32	\$1.18	\$1.00	\$0.78
Baltimore, Md.	.50	.47	.36	.24
Boston, Mass.	.65	.56	.44	.31
Buffalo, N. Y.	.38	.31	.23	.16
Chicago, Ill.	.37	.32	.24	.16
Cincinnati, Ohio.	.34	.29	.22	.15
Cleveland, Ohio.	.25	.22	.18	.11
Columbus, Ohio.	.26	.23	.19	.12
Dayton, Ohio.	.28	.25	.20	.13
Denver, Colo.	2.31	1.84	1.43	1.13
Detroit, Mich.	.16	.14	.12	.09
Evansville, Ind.	.45	.39	.30	.21
Indianapolis, Ind.	.37	.32	.23	.16
Kansas City, Mo.	1.06	.84	.64	.48
Los Angeles, Cal.	(*)		(*)	
Louisville, Ky.	.43	.36	.27	.19
Lincoln, Nebr.	1.11	.89	.69	.52
Milwaukee, Wis.	.43	.37	.29	.18
Newark, N. J.	.58	.50	.39	.27
New Orleans, La.	1.16	.95	.79	.61
New York, N. Y.	.58	.50	.39	.27
Omaha, Nebr.	1.06	.84	.64	.48
Philadelphia, Pa.	.50	.42	.37	.24
Pittsburg, Pa.	.36	.31	.23	.16
Portland, Oreg.	(*)		(*)	
Richmond, Va.	.55	.47	.36	.24
Sacramento, Cal.	(*)		(*)	
St. Louis, Mo.	.46	.39	.30	.21
St. Paul, Minn.	.83	.70	.52	.37
San Francisco, Cal.	(*)		(*)	

* Less than carload, \$2.20.

* Carload, \$1.50.

Freight rates in classes, December 1, 1908—Continued.

From Toledo, Ohio, to—	First.	Second.	Third.	Fourth.
Washington, D. C.....	\$0.55½	\$0.47½	\$0.36	\$0.2½
Minneapolis, Minn.....	.83	.70	.52½	.37
Grand Rapids, Mich.....	.80	.28	.20	.13½
Saginaw, Mich.....	.28	.24	.20	.14
Rockford, Ill.....	.50	.44½	.33	.23
Quincy, Ill.....	.50	.45	.35	.25
Newport News, Va.....	.55½	.47½	.36	.24½

Above are class rates applying on plate glass from Toledo, Ohio, to points shown.

Freight rates in classes, December 7, 1908.

From Ottawa, Ill., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.....	\$1.38	\$1.20	\$1.03	\$0.80
Baltimore, Md.....	.795	.685	.52	.35
Boston, Mass.....	.895	.775	.60	.45
Buffalo, N. Y.....	.51	.445	.24	.21
Chicago, Ill.....	.286	.237	.192	.139
Cincinnati, Ohio.....	.40	.34	.25	.18
Cleveland, Ohio.....	.47	.405	.30	.21
Columbus, Ohio.....	.43	.365	.275	.19
Dayton, Ohio.....	.41	.35	.26	.19
Denver, Colo.....	1.95	1.55	1.20	.945
Detroit, Mich.....	.43	.365	.275	.19
Evansville, Ind.....	.40	.34	.25	.18
Indianapolis, Ind.....	.40	.32	.24	.18
Kansas City, Mo.....	.70	.55	.40	.295
Los Angeles, Cal.....	(^a)		(^b)	
Louisville, Ky.....	.41	.35	.26	.19
Lincoln, Nebr.....	.75	.60	.44	.335
Milwaukee, Wis.....	.35	.271	.206	.150
Newark, N. J.....	.825	.715	.55	.385
New Orleans, La.....	1.10	.90	.75	.58
New York, N. Y.....	.825	.715	.55	.385
Omaha, Nebr.....	.70	.55	.40	.295
Philadelphia, Pa.....	.805	.695	.53	.365
Pittsburg, Pa.....	.51	.445	.34	.24
Portland, Oreg.....	(^a)		(^b)	
Richmond, Va.....	.795	.685	.52	.355
Sacramento, Cal.....	(^a)		(^b)	
St. Louis, Mo.....	.417	.338	.263	.211
St. Paul, Minn.....	.50	.50	.40	.25
San Francisco, Cal.....	(^a)		(^b)	
Washington, D. C.....	.795	.685	.52	.355
Minneapolis, Minn.....	.60	.50	.40	.25
Grand Rapids, Mich.....	.43	.365	.275	.19
Saginaw, Mich.....	.465	.41	.315	.225
Toledo, Ohio.....	.43	.365	.275	.19
Rockford, Ill.....	.286	.237	.192	.139
Quincy, Ill.....	.365	.289	.224	.187
Newport News, Va.....	.795	.685	.52	.355

^a Less than carload, \$2.20.

^b Carload, \$1.50.

Above are the class rates applying on plate glass from Ottawa, Ill., to points shown.

Freight rates in classes, December 1, 1908.

From Saginaw, Mich., to—	First.	Second.	Third.	Fourth.
Atlanta, Ga.....	\$1.41	\$1.23½	\$1.05½	\$0.82
Baltimore, Md.....	.66	.57	.43	.29
Boston, Mass.....	.78	.66	.51	.36
Buffalo, N. Y.....	.44	.37½	.28½	.19½
Chicago, Ill.....	.37	.32	.23½	.16
Cincinnati, Ohio.....	.43	.36½	.27½	.19
Cleveland, Ohio.....	.38½	.33	.24½	.16½

Freight rates in classes—Continued.

From Saginaw, Mich., to—	First.	Second.	Third.	Fourth.
Dayton, Ohio.....	\$0.41	\$0.35	\$0.28	\$0.18
Columbus, Ohio.....	.40	.34	.25	.17
Denver, Colo.....	2.31	1.84½	1.45½	1.13
Detroit, Mich.....	.28	.24	.20	.14
Evansville, Ind.....	.45	.39	.30	.21
Indianapolis, Ind.....	.40	.34	.25	.17
Kansas City, Mo.....	1.08	.84½	.65½	.48½
Los Angeles, Cal.....	(*)		(*)	
Louisville, Ky.....	.45	.38½	.29½	.20½
Lincoln, Nebr.....	1.11	.89½	.69½	.52½
Milwaukee, Wis.....	.40	.35	.25½	.18
Newport News, Va.....	.66	.57	.43	.29
Newark, N. J.....	.69	.60	.46	.32
New Orleans, La.....	1.16	.96	.79	.61
New York, N. Y.....	.69	.60	.46	.32
Omaha, Nebr.....	1.17	.97	.68½	.48
Philadelphia, Pa.....	.07	.58	.44	.30
Pittsburg, Pa.....	.44	.37½	.28½	.19½
Portland, Oreg.....	(*)		(*)	
Richmond, Va.....	.66	.57	.43	.29
Sacramento, Cal.....	(*)		(*)	
St. Louis, Mo.....	.46	.39½	.30½	.21½
St. Paul, Minn.....	.78	.66	.49½	.34½
San Francisco, Cal.....	(*)		(*)	
Washington, D. C.....	.66	.57	.43	.29
Minneapolis, Minn.....	.78	.66	.49½	.34½
Grand Rapids, Mich.....	.30	.26	.20	.13½
Toledo, Ohio.....	.28	.24	.20	.14
Rockford, Ill.....	.50	.44½	.33	.23
Quincy, Ill.....	.50	.45	.35	.25

* Less than carload, \$2.20.

* Carload, \$1.50.

Above are class rates applying on plate glass from Saginaw, Mich., to points shown.

SCHEDULE C.—METALS, AND MANUFACTURES OF.

BICYCLES.

**THE GREAT WESTERN MANUFACTURING COMPANY, LAPORTE,
IND., ASK RETENTION OF PRESENT DUTY ON BICYCLES.**

LAPORTE, IND., *December 12, 1908.*

HON. JOHN DALZELL,

Ways and Means Committee, Washington, D. C.

MY DEAR SIR: Referring to the duty on bicycles, as a manufacturer I wish to urge upon you not to remove the duty on finished bicycles. I ask that on behalf of ourselves and the industry of the bicycle manufacturers in the United States.

I speak with knowledge of the prices of English, German, and Belgian bicycles. The price that they are now naming and would name if the duty were removed on finished bicycles would kill the bicycle business and close the manufacturers' doors of bicycles in the United States.

We are manufacturers of Fauber patent one-piece crank hangers that go into bicycles. We sell them throughout the world, but are shut out from selling them in England, Germany, and Belgium on account of the low price there on bicycles. They are selling bicycles to-day for less than our cost of production.

It would be impossible to pay the wages and prices of materials and cost of conducting the business in the United States and compete with the low prices of the German, English, and Belgian bicycles to-day.

Therefore I pray your committee do not remove the duty on bicycles.

The present selling price of bicycles in the United States is very low; there is no combination, no restriction of the trade, or pooling arrangement, but entirely open competition, and that has been strong enough to make the price of bicycles so low that it is only a small profit to the manufacturer at best. The price is so low on bicycles that anyone who wishes one has no objection to the price he can buy a machine for.

Removal of or even reducing the present duty on bicycles can only do more harm than possible good.

Thanking you for your consideration, I am,

Yours, truly,

E. J. LONN,
President.

SCHEDULE D.—WOOD, AND MANUFACTURES OF.

LUMBER.

THE SOUTHERN CYPRESS MANUFACTURERS' ASSOCIATION, NEW ORLEANS, LA., OPPOSES REDUCTION OF LUMBER DUTIES.

NEW ORLEANS, LA., *December 8, 1908.*

HON. SERENO E. PAYNE.

Washington, D. C.

DEAR SIR: I beg to inclose herewith copy of a resolution, which was unanimously adopted by the members of this association at their semiannual meeting, in Savannah, Ga., November 24, 1908.

Very truly, yours,

GEO. E. WATSON, *Secretary.*

RESOLUTIONS ADOPTED BY THE SOUTHERN CYPRESS MANUFACTURERS' ASSOCIATION AT SAVANNAH, GA., NOVEMBER 24, 1908.

Whereas the present duty on lumber of \$2 per thousand amounts only to an ad valorem tariff of about 12 per cent, in comparison with 40 per cent on iron and steel, 32 per cent on cement, and 45 per cent on building stone, all of which enter largely into competition with lumber for construction purposes; and

Whereas this 12 per cent ad valorem tariff on lumber is already so much lower than all other articles coming into competition with it that the amount in reality amounts only to a tariff for revenue: Therefore be it

Resolved by the Southern Cypress Manufacturers in convention assembled, That, as business men, we here and now register our most solemn protest against any appeal or modification of the lumber schedule in Dingley tariff, on the ground that it is already reduced to the basis of a revenue tariff, and therefore needs no further revision.

Resolved (2), That our Senators and Representatives in Congress be, and are hereby, requested to use all reasonable means to prevent any repeal of the present lumber tariff, and thereby conserve the best interests of their constituents at home, who are bearing their full share of the burden of taxation and other responsibilities.

Resolved (3), That we renew our pledge and support to the Forestry Department and call upon the officers of that department to cooperate with us in not only reforesting our cut-over lands, but at the same time to further cooperate with us in the enhancement of our timber after it is grown, by the enactment at this time of such legislation as will protect our present as well as prospective holdings from the cheap lumber of Canada and other foreign countries, as produced by Hindoo, Chinese, and Japanese labor, from stumpage costing 50 cents to \$1 per thousand, in comparison with \$2.50 to \$4 and \$5 per thousand in the United States, where labor costs from \$1.25 to \$2.25 per day, as against 80 cents to \$1.20 per day for foreign labor.

Resolved (4), That our governors in the Southern States, who compose in part the American Conservation Congress, be, and they are hereby, urgently requested to investigate for themselves and to use their good offices in our behalf at the approaching meeting of that body in Washington next month, to prevent this threatened injustice to the South's second greatest industry, since the South now produces practically one-half of all the lumber produced annually in the United States.

HON. D. J. FOSTER, M. C., SUBMITS LETTER OF THE SHEPARD & MORSE LUMBER COMPANY, OF BURLINGTON, VT.

BURLINGTON, VT., *December 8, 1908.*

Hon. D. J. FOSTER,
Washington, D. C.

DEAR SIR: In view of the fact that Congress is about to act on the revision of the tariff and that the committee appointed by Congress are now hearing the various complaints, etc., we beg leave to offer our views on the subject and believe they are in accordance with the manufacturers throughout a very wide section of the country. We think the duty should be removed from rough lumber imported from Ontario, Quebec, and the eastern Provinces, but, as our Northwest has large virgin forests, we believe in their protection from the lumber coming in from British Columbia, such as cedar, fir, etc. We would recommend the duty on dressed lumber be advanced to where the labor should be performed on this side of the line. The present duty on dressed lumber is so low that a great many large dressing mills are starting up in Canada, dressing lumber and shipping to this country, from the fact that the duty on dressed lumber is so very low that they can afford to pay the duty and make money; for instance, 1,000 feet of dry pine or spruce will weigh 2,500 pounds; if planed one side, it will weigh about 2,000 pounds, a reduction of 500 pounds to the thousand feet. As the average rate to New England or New York points of 18 cents per hundred equals 90 cents per thousand feet, the duty for dressing lumber at present is only 50 cents per thousand feet, leaving a balance in favor of the Canadians of 40 cents per thousand feet; and this is not all, as they are not obliged to pay as high wages as we do for performing the work on this side of the line.

It seems clear that our Government should not only protect the forests, but it should protect its labor as well. Canada imposes a duty of 25 per cent ad valorem on dressed lumber shipped from this country, which protects its labor, so that it is impossible to ship dressed lumber into Canada, and we believe we should have the same protection; otherwise the mills on this side of the line that are now dressing Canadian lumber will soon have to close and remove to Canada, which would throw out of employment thousands of American workmen. We think the whole thing is wrong from the United States point of view and that the new tariff should furnish free raw material (rough lumber) and give better protection to the manufactured article (dressed lumber), and in that way give more employment to American workmen. The time is near at hand when this country must look to Canada for its rough pine and spruce, and in our opinion if the duty was removed now it would greatly protect our forests and the consumer would also be benefited thereby. We trust that you will give this matter your careful consideration and do all you can to help us.

Yours, truly,

SHEPARD & MORSE LUMBER Co.,
E. W. PARKHILL, *Manager.*

A letter from the J. R. Booth Lumber Company, Burlington, Vt., similar in purport to the above was also filed by Mr. Foster.

LUMBER AND GLASS.

THE MACY COMPANY, GRAND RAPIDS, MICH., FURNITURE MANUFACTURERS, WISH DUTIES REMOVED FROM GLASS AND LUMBER.

GRAND RAPIDS, MICH., *December 8, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: This corporation is engaged in the manufacture of furniture. Its annual sales average more than three-quarters of a million dollars. Its annual consumption of materials approximate the following:

Lumber, 3,000,000 board feet; veneers and panels, 2,000,000 superficial feet; value of both items, \$150,000.

Window glass, 600,000 square feet; value, \$25,000.

Hardware for furniture trimmings, etc., \$50,000.

Glue and finishing materials, \$25,000.

We are offered glass in French and other foreign markets at about one-half the domestic prices, and of better quality, but the hazards of transit, the duty, and other restrictions operate to place us at the mercy of domestic producers who have never failed to exact tribute to the limits made possible by the artificial and other restrictions imposed on imports, and when we consider the duties on glass amounting to about 100 per cent, on lumber \$2 per thousand feet, and similar duties on other materials, it is quite evident that we are paying \$30,000 and upward in duties for which we can see no benefit, and which stands in our way when we attempt to market our products abroad.

The average wage per person in our plant for two years last past, including all wage-workers, exclusive of officers and clerks, was \$1.80 per day. In England, Holland, France, and Germany the wage rates for similar and like services equal about 70 per cent of ours, but the cost of packing, transport, selling, and other circumstances makes foreign competition with our furniture in our markets impossible.

The furniture industry needs no protection if given free lumber and free glass, and exports would be largely increased through reductions in cost which would result from free material.

We earnestly appeal to the members of your committee and to Congress to place glass and lumber on the free list. We are fully convinced that by so doing it will in the end prove a blessing to the glass industry, which has long been a monopoly, and therefore is not developing on the lines of true economy and permanency.

Yours, truly,

THE MACY COMPANY,
O. M. WERNICKE, *President.*

WHIP REEDS AND RATTAN.**THE WHIP MANUFACTURERS OF THE UNITED STATES OPPOSE
THE IMPOSITION OF DUTY ON THESE PRODUCTS.**WESTFIELD, MASS., *December 7, 1908.*

HON. SERENO E. PAYNE,

*Chairman of the Committee on Ways and Means,**Washington, D. C.*

DEAR SIR: We, the whip manufacturers of the United States, desire to enter our strongest protest against the proposition presented to your honorable committee by certain reed manufacturers of the United States to have a duty placed on whip reeds and rattan, making it appear to you that we use in the manufacture of our goods swamp reeds, which is positively not true, and it would not be possible to use them in our business. Rattan and reed are the principal products used in the manufacture of whips; in fact, are the base which have to be used on all of the whips, and with a duty placed upon them it would cause us a great hardship and a loss in the manufacture of our goods, and would place us where we would not be in a position to compete with the foreign markets, which have all of the latest improved whip machinery with which to manufacture our goods. With the handicap that we have had in our business in the last few years on account of bicycles, electric cars, and automobiles under which we have struggled it would simply be disaster to go at this day and place a tariff on our principal raw material.

We therefore urgently request of you to leave whip reeds in the free list, provided for as heretofore (rattan and reeds unmanufactured or not further advanced than cut into lengths suitable for whips), and are,

Yours, very respectfully,

New England Whip Company, D. F. Doherty, Treasurer; United States Whip Company, Geo. E. Whipple, President; Independent Whip Company, H. E. Cowles, Vice-President; H. M. Van Deusen Whip Company; Horse Whip Company, Chas. J. Bradley, Treasurer; F. P. Couse & Son; L. H. Beals & Son, L. H. Beals, President; C. A. Hastings, Tyler, Superintendent; Steimer & Moore Whip Company, L. W. Steimer, President; A. J. Cook Whip Company, A. J. Cook, Proprietor; Standard Whip Company, J. C. McCarthy, President.

WHITE PINE.**HON. D. S. ALEXANDER, M. C., FILES LETTER OF FENTON & SONS
BOX AND LUMBER COMPANY, NORTH TONAWANDA, N. Y.**WASHINGTON, D. C., *December 10, 1908.*

HON. S. E. PAYNE, M. C.,

Chairman Committee on Ways and Means.

MY DEAR MR. PAYNE: Inclosed please find letter from Mr. A. G. Sherman, secretary Fenton & Sons Box and Lumber Company, North

Tonawanda, N. Y., who favors placing white-pine lumber on the free list. Kindly file their letter where it will have attention at the proper time.

Very truly, yours,

D. S. ALEXANDER.

NORTH TONAWANDA, N. Y., *December 8, 1908.*

HON. D. S. ALEXANDER.

Washington D. C.

DEAR SIR: Referring to the matter of tariff revision, which is now being considered by the Ways and Means Committee of the House of Representatives, we have decided to communicate with you, and through your kind offices to the Ways and Means Committee, our firm conviction that the time has arrived when all duty should be removed from rough white-pine lumber imported from Canada to this country. The conditions of the white-pine lumber trade in this country has assumed a form during the past few years so that it is now almost impossible for manufacturers to obtain an adequate supply of this lumber from our home markets. Many of them have experimented extensively with southern pine, in the efforts to substitute it for white pine, but this experiment has not been successful, and it is conceded that there is no lumber to be obtained from our home product that can be substituted for the regular western white pine; and as the western white pine is now very nearly exhausted, and as the small amount still available is controlled by a very small number of dealers, the future of the manufacturing interests dependent upon the present sources of supply in the white-pine lumber trade becomes exceedingly precarious.

If there ever has been any reason why the white-pine interests of this country should need protection, that reason has certainly vanished, and the question confronting large business interests of our country to-day involves a new source of supply in white-pine lumber or an extermination of their business.

Very much more could be said upon this subject, but we feel sure that you are in possession of extensive information and that you are aware of the strong sentiment in favor of free trade in Canadian white pine, and we therefore confidently expect that you will exert your influence to bring about this desirable end.

Yours, truly,

FENTON & SONS BOX AND LUMBER COMPANY,
A. G. SHERMAN, *Secretary.*

Letters similar in purport to the above from J. P. Mackenzie, of North Tonawanda, N. Y.; James Fenton, and Hurd Brothers, of Buffalo, N. Y., were also filed by Mr. Alexander.

SCHEDULE E.—SUGAR, MOLASSES, AND MANUFACTURES OF.

CONFECTIONERY.

THE GEORGE CLOSE COMPANY, CAMBRIDGE, MASS., MANUFACTURING CONFECTIONERS, WISH PRESENT DUTY ON CANDIES RETAINED.

CAMBRIDGE, MASS., *December 8, 1908.*

HON. SAMUEL W. MCCALL,
Washington, D. C.

DEAR FRIEND: I take the liberty to drop you a few lines, and I hope that you will forgive me beforehand, for I know how bothered and bored you must be with the perplexities of tariff revision. So I am going to make my letter just as short as I can and boil my story down. The facts are most of the leading confectioners throughout the entire country do not wish to have any change made, if possible, with sugar; but if by chance there should be a change in the tariff on sugar, we hope and pray that you will see to it that it is only in proportion with the tariff that now exists.

If confectionery, commonly known as "candy," should be absolutely free, it would mean a tremendous injury to the business in the United States. Here let me say that a careful canvass has been made by the proper official of the National Confectioners' Association. The members of the aforesaid association consist of all the leading confectioners of the country. The result of this canvass is they are almost a unit on this question. So you see I am speaking for the confectioners of the country.

I suppose it is safe to say that we pay our help about three times as much as they pay in Germany, France, or England.

You know the story as well and much better than I do. We should be happy on this question if it is let alone. A word to the wise is sufficient.

Wishing you and yours a happy Christmas, I remain,
Very truly, yours,

GEORGE CLOSE.

SCHEDULE F.—TOBACCO, AND MANUFACTURES OF.

SUMATRA WRAPPER.

HON. W. A. CALDERHEAD, M. C., SUBMITS LETTER OF CHARLES F. PUSCH, OF MARYSVILLE, KANS., RELATIVE TO WRAPPER TOBACCO.

MARYSVILLE, KANS, November 23, 1908.

HON. W. A. CALDERHEAD,
Washington, D. C.

DEAR SIR: I beg to acknowledge receipt of your pamphlet, No. 4, on tariff hearings before the Committee on Ways and Means, for which please accept my thanks.

I have carefully gone over the proceedings as I find them in this printed matter, and the only real, truthful, and businesslike statement, based on positive statistics, in the entire question before the committee on tariff on leaf tobacco is that of Joseph F. Cullman, president of the National Cigar Leaf Association. This gentleman at least backs up his truthful statement with undeniable facts and figures, which will stand the strictest investigations, and no man finished up an argument with more force and truth than when Mr. Cullman stated that the concentration of our cigar industries has been caused principally by the present high rate of duty; that the middle and small class of manufacturers have been handicapped, owing to the large amount of capital required as cash outlay for the government import duty.

We never before had the concentration of trusts in the tobacco business, that one or two men could corner up the market, as we have experienced, were it not for the \$1.85 duty, and this, with the shrinkage, which we never receive, amounts to over \$2 per pound.

I admire Mr. Cullman's stand when he stated that the National Cigar Leaf Tobacco Association asked nothing. He leaves the matter to the good judgment of your committee—what methods should be applied to check the tendency of the American Cigar Company's methods ever since the enactment of the Dingley law.

I am astonished at the way and manner in which some of the parties went before the committee and made their statements regarding Connecticut tobacco, shade-grown tobacco, Georgia and Florida tobacco.

Knowing Mr. Mitchelson personally, and as he is known generally by the trade for truth and veracity, I am not at all surprised that he made the statement that he did not care to go into any details of the tobacco question before the committee.

I am a little surprised that the real owners of the Georgia and Florida tobacco farms, such as the multimillionaire A. Cohn & Co., of New York; Florida Tobacco Company; Florida and Georgi

Tobacco Company; and Taussig & Co., that these men personally don't come before the committee, if they thought they had a strong case and their tobacco requires a protective duty of over \$2 per pound. These people have made the public declaration to the trade that their tobacco was just as good as Sumatra, and that they were entitled to the same price, wanting \$3.50 for some of their grades, and they went so far in their independent manner of transacting business that Mr. Cohn stated to some of the purchasers that they could only have 5 bales at a time, and no more; but when a sample bale was worked the tobacco was so bitter in taste that I returned them to the firm and told them that I would have to work Sumatra in order to retain my trade.

I have only a short time ago tried a sample bale of the so-called "Connecticut shade-grown tobacco," and paid for this tobacco (buying it through a jobber) 90 cents per pound. The tobacco is lying here, and is very unsatisfactory in color and so brittle that if the cigars lie out overnight you can not carry them in your pocket; the wrapper all cracks. Now, if all these different statements that these men have made before the committee would be true, there is just this much to be said: If the Government would charge 75 cents to \$1 per pound to import Sumatra wrappers, and these gentlemen in Connecticut, Georgia, and Florida will raise good tobacco, I shall certainly never pay from 75 cents to \$1 per pound and buy imported tobacco, but buy such tobacco as will save me the import tax; but putting still more tax as you have it now, \$2, or even make it \$5, would not give us manufacturers the desired wrappers to manufacture the high-grade 5-cent cigar, which is the popular cigar of the United States, and for which not alone America has to go to Holland for wrappers, but Italy, Austria, Spain, Germany, and England must secure their wrappers from there, as the Holland purchases is the only country in which sufficient humidity and proper soil is, to raise the needed wrapper.

The statements made by some of these people regarding the quality of wrappers produced in the United States are so absurd and misleading that if the Government was to compel every manufacturer to enter in the revenue book a record of all the domestic wrapper tobacco used, as a mere matter of statistics, it would astonish the Government how few domestic wrappers are actually raised in the United States, notwithstanding that you are protecting the producers of the so-called "domestic wrappers."

I had two sample cases of wrappers, the cream of the 1907 Connecticut broadleaf crop, sent out here, the same as I do every year, in hopes of securing good tobacco without paying the high import duty, and I had a good opportunity to show the results of the working of these sample cases of this tobacco to Senator Long. I paid for the highest grade of Connecticut tobacco 50 cents under the present high rate of protection, and I am sorry to state that the tobacco is so poor and thick in leaf that I can not realize 25 per cent of wrappers out of these sample cases. Messrs. Haas & Co., the largest packers in Hartford, have sold this tobacco to me. You will note that I give you statistics and facts in every case, so that you may investigate.

I call your attention to the fact that the United States is the largest producer of filler and binder tobaccos for cigar purposes in the world. All of that portion of the State of Wisconsin which is

raising tobacco, the tobacco is used for filler and binder purposes exclusively. All of the tobacco raised in the State of Pennsylvania is used for fillers principally. All of the tobacco raised in Ohio is used for filler purposes, and only York State, Connecticut, a portion of Massachusetts, and the tobacco that is raised in Georgia and Florida is used partly for binders and wrappers. You can judge by the size of the territory, and take the statistics of acreage; this will show conclusively to you that notwithstanding for ten years they have had a protection of \$2 per pound, they have not yet produced wrappers so that we can get along without Sumatra, nor will they ever succeed in doing so.

I would call your attention to the fact that the same case of shade-grown tobacco which came from Mr. Mitchelson's farm, which I have here, is such poor tobacco that the jobber who offered it for sale explained to me that the tobacco runs so dark in color and uneven that, in order to bring this tobacco into the hands of the smaller manufacturers, he has taken it out of the cases and repacked it in bales, to make it look similar to Sumatra.

Now, it appears to me that the Republicans have just finished the political campaign, and have gone before the public with the pledge and promise that they would revise the tariff, and if 75 cents to \$1 per pound does not protect the American farmer in raising good tobacco, they will never raise it any better if you put \$5 on it.

If the Committee on Ways and Means needs more money to run the Government, it appears to me that if cigars are supposed to be a good taxable article, why not reduce the import duty and give the smaller manufacturer an opportunity to get hold of good tobacco, without such a large outlay of capital, and assess \$1 more revenue per thousand cigars? This would give the Government their revenue and give the smaller manufacturers an opportunity to develop their business, and stop the concentration of buying up in the trusts on all this tobacco, such as they have done several years ago, and after the Pennsylvania tobacco, a few years ago, was all purchased by a few parties, they dished this tobacco out to us manufacturers, even in small lots, at an advance of 8 cents per pound.

I presume you are aware that it requires not less than 2 pounds of Sumatra to cover a thousand cigars, which makes nearly \$4 import duty, and we are using at the rate of 4 to 5 pounds of Havana filler to a high-grade nickel cigar, and at the rate of 4 pounds would be \$1.12 on this, and \$3 revenue would be \$8.12; and if we sell the cigars at \$35, or as we are selling 3,000 cigars for \$100, we are paying the Government \$24.36 worth of duty. This will demonstrate to you why the small manufacturer, who has not much capital and would like to develop his business, can not meet the American Cigar Company nor the United Cigar Company, when they have millions of capital to put up against the small factory.

I have not a thing to suggest to you in the matter except that I shall closely observe the proceedings of the committee in trying to retain the pledge of the Republican party to the public. I feel exactly like Mr. Cullman as he presented the case before the committee.

I am in favor of protecting every laboring man in this country, whether he is a farmer or mechanic, fully and a little more than the difference paid the laborer of America and Europe. Mr. Blaine gave me this doctrine personally, and I adhere to it; otherwise I would

like to have all the raw material here as fast as we can get it; and if the Government needs revenue, they will certainly find some way to put it on some article that everybody uses, and everybody will then be paying his share of the expense for running this country.

Pardon me for sending you this lengthy letter, but I found so many misleading statements from some of these people who are sending before the committee, the poor farmers, and they are sitting in the background waiting for the good results that some of them bring.

Yours, very respectfully,

CHAS. F. PUSCH.

HON. HARRY M. COUDREY, M. C., SUBMITS LETTER OF THE GEORGE FEHL BLUE RIBBON CIGAR COMPANY, ST. LOUIS, MO., RELATIVE TO WRAPPER TOBACCO.

St. Louis, Mo., *November 24, 1908.*

Mr. HARRY M. COUDREY,
943 Century Building, City.

DEAR SIR: AS it is understood the Republican party has decided to revise the tariff, we hereby take the liberty in addressing you relative to same, which we believe is essential for manufacturing cigars.

A reduction on the Sumatra wrapper from \$1.85 to \$1.25 a pound. The reason for the reduction is as follows: The Sumatra wrapper is reliable at all times, which protects the manufacturer, jobber, and the consumer.

No doubt the farmers from Connecticut, Georgia, and Florida will protest the measure, but after expressing our opinion we trust you will see your way clear to support the measure.

In the State of Connecticut is grown a wrapper called the "Connecticut Habana seed wrapper." The price of the wrapper has varied in no degree in relation to the price of Sumatra or duty thereon. Inherent good or poor qualities of the crop in connection with the business conditions at the time of sale have been the sole factor in determining the price.

Connecticut Habana seed is in no way a competitor with Sumatra. It is used by a different class of manufacturers than those using Sumatra. The production of Georgia and Florida tobacco has increased enormously in the last few years. This has been brought about by the tremendous possibilities for profits, which have stimulated production abnormally.

This tobacco has not been raised by the farmer, but by larger corporations or firms, as the cost of raising same precludes the farmer of moderate means from engaging in its production.

The Florida and Georgia wrapper is an inferior wrapper which does not burn properly and can be used only on a cheap grade of cigars. The Georgia and Florida wrapper has not been affected by the price or duty on Sumatra, but the inherent good or poor qualities of the crop in connection with the business conditions at the time of sale have been the sole factor in determining the price.

The difference of the cost per thousand cigars of Sumatra and Florida wrappers is such that they are not competitors, but each has its place and will have in our cigar industry.

The cigar business has increased so the output per factory has increased out of all proportions to the increase in production. It may interest you to learn that 40 per cent of the cigar-leaf crop of 1907 was purchased for use by a single manufacturing corporation.

Thanking you in advance for any consideration you may show me in the matter, we ask to remain,

Respectfully,

GEO. FEHL BLUE RIBBON CIGAR CO.,
GEO. FEHL, *Secretary-Treasurer.*

DETROIT, MICH., CIGAR MANUFACTURERS ADVOCATE A REDUCTION OF 20 PER CENT DUTY ON WRAPPER TOBACCO.

DETROIT, MICH., *November 24, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: At a special meeting of the Detroit Cigar Manufacturers' Club, held in this city November 24, 1908, the following preamble resolution was adopted, and the president, John P. Hemmeter, instructed to forward a copy for your consideration:

Whereas the Detroit Cigar Manufacturers' Club, comprising 14 of the leading manufacturers of the city of Detroit, having an annual output of practically 250,000,000 cigars and employing 8,000 cigar makers, stemmers, and packers, is advised that certain changes in the tariff on imported wrapper tobacco is now being considered by the Ways and Means Committee of Congress; and

Whereas the use of imported wrapper, especially Sumatra, is extensive and absolutely necessary in our business, and the present duty of \$1.85 per pound represents an increase of 35 cents per pound made a few years ago, the entire advance of which is necessarily borne by the manufacturers, while the price of American-grown tobaccos have advanced, reducing the profits of the industry below a fair and reasonable basis: therefore be it

Resolved, that we favor and respectfully petition the Committee on Ways and Means to recommend for adoption by Congress a reduction of 20 per cent in the duty on imported wrappers of all grades.

DETROIT CIGAR MANUFACTURERS' CLUB,
JOHN P. HEMMETER, *President.*

THE OWL COMMERCIAL COMPANY, QUINCY, FLA., THINKS PRESENT DUTY ON WRAPPER TOBACCO SHOULD BE RETAINED.

QUINCY, FLA., *December 7, 1908.*

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: I have read a number of letters addressed to your committee by cigar manufacturers, requesting that the present rate of duty on imported wrappers be reduced. Among other reasons advanced by these parties for a reduction is the fact that imported Sumatra tobacco is a necessity, there is no American tobacco to take its place, and setting forth that a lowering of the duty would increase the use of the foreign tobacco, and owing to the larger importations the government revenue would not be reduced, etc.

As a matter of fact, the imported Sumatra tobacco has only been worked in the United States for the past twenty-five years. Prior to that time the fine wrappers grown in Connecticut, Wisconsin, Pennsylvania, and New York were used to wrap our domestic cigars, and they gave excellent satisfaction. The introduction of the imported Sumatra supplanted these home-grown types of wrappers, and the fine tobacco grown in the States I have mentioned was largely used for fillers and binders, and it seemed almost a hopeless task for the American tobacco grower to evolve a type that would compete with the imported Sumatra.

About ten years ago the idea of shading tobacco was taken up in Florida with marked success. The production of this shaded type has steadily increased until to-day there are over 5,000 acres of fine tobacco land covered with artificial shade in the State of Florida alone. Large areas have been covered in Connecticut and Georgia, and the industry is now getting a foothold in Texas and Alabama, and aided by the experts from the Agricultural Department, the industry has steadily increased. There are upward of 15,000 bales of fine shaded wrappers produced in the United States to-day, while the annual consumption of the imported Sumatra represents about 30,000 bales.

Our American tobacco is grown from seed imported from the island of Sumatra, and this tobacco is worked and sold by the manufacturers as imported tobacco. The industry has not yet reached a point where the tobacco can compete in the market on its actual merits. We claim that a reduction of the duty at this time would work a great injury to the American tobacco grower.

In the island of Sumatra the tobacco is grown almost wholly by Chinese coolies or contract labor, and statistics show that this class of labor is paid less than one-third of the wages that are paid to the negroes in the South, while the white farm labor in the northern States must be paid a still higher rate. It is impossible to compete with this Asiatic labor, and if there was no tariff, or a materially reduced rate was established, then the American tobacco farmer would be crowded out and the business would have to be abandoned. We can not employ this cheap foreign labor in our American tobacco fields owing to the operations of the exclusion act, and hence it is only possible to continue growing the fine shaded types of wrappers under a protective tariff. Under the McKinley bill the rate of duty on foreign wrappers was \$2 per pound, and under the present law (the Dingley bill) the rate is \$1.85 per pound, and it would be better for the whole country if the McKinley rate was restored.

Some of your petitioners have asked for a reduction of 35 cents per pound, which at the highest could only amount to 70 cents per thousand cigars, even making a liberal allowance and estimating that 2 pounds were used per thousand. This reduction, we claim, would in nowise benefit the smoker. It would amount to only seven one-hundredths of a cent on each cigar, and thus if a cigar were retailed for 1 cent at the present time it would not be cheapened to the smoker, as our currency does not admit of a fractional decrease of this character.

Millions of dollars have been expended in the United States in equipping lands with shade structures and developing the tobacco

industry to its present high state of efficiency, and the American farmer receives in a small measure the benefit of the protective tariff which has built up the manufacturing industry of the United States to a point that has commanded the admiration and wonder of the world.

Reduced to its final analysis, the consumer (in this case the smoker) pays the duty, and we claim that there is no tax as easily collected as that on tobacco and its various products. Petitions are now being circulated among the leaf-tobacco growers of the United States praying that the present duty be maintained, and we sincerely trust that your committee may be impressed with the justness of our cause.

We also think it would be a very great injustice to admit tobacco or cigars from the Philippine Islands free of duty. It would injure the American industry almost irreparably, and we trust that no steps of this kind will be encouraged by your committee.

Yours, respectfully,

WM. M. CORRY,
General Manager.

TURKISH AND SYRIAN TOBACCOS.

**BERRIMAN BROS., IMPORTERS OF LEAF TOBACCO, CHICAGO, ILL.,
FILE SUPPLEMENTAL LETTER.**

CHICAGO, *December 4, 1908.*

HON. HENRY S. BOUTELL,
Washington, D. C.

DEAR SIR: Referring to my recent correspondence with reference to double internal-revenue tax on smoking tobacco, will say that since that time have been making a further study of the smoking-tobacco business.

As the so-called "trust" has bought up the principal smoking-tobacco factories in England and stopped the greater portion of the importations from that country of these brands, it opens up a great possibility for the manufacture of high-class smoking tobaccos in the United States. The great difficulty is the duty on Latakia and Turkish tobaccos. These tobaccos are grown in the following countries: The Latakia in Syria and the Turkish in Turkey proper, and to import them into this country there is a duty of 35 cents per pound. As these two tobaccos can not be used for any other purpose than smoking tobaccos, therefore not coming in competition with any of the tobaccos grown in this country, the duty on these two tobaccos should be removed. They not only can not grow these tobaccos in this country, but can not grow anything that will even imitate them. The leaf is only 4 or 5 inches long, but of a peculiar flavor and used only in combinations of smoking tobaccos. As 75 per cent of the tobaccos used in any English or high-grade mixture are grown in this country, we would, with the duty removed on the two that grow in foreign countries, be in a position to not only supply the United States and Canada, but the world, with smoking tobaccos. This duty of 35 cents per pound stands in the way. This 35-cent duty is the

same duty as is paid on Habana filler tobacco, which is used for cigars, and Latakia and Turkish can be used in cigarettes, but only combined with other tobaccos, and are an absolute necessity in smoking tobaccos, so that really the duty on these two tobaccos is preventing the establishment of large manufacturing of tobaccos in the United States. There can not be any complaint as to the removal of this duty on the part of the leaf-tobacco curers of the United States.

I hope that this duty may be removed and the regulations of the department as to double revenue tax be eliminated.

Yours, respectfully,

E. C. BERRIMAN.

SCHEDULE J.—FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

BURLAPS AND BAGGING.

C. LEE McMILLAN & CO., NEW ORLEANS, LA., FILE SUPPLEMENTAL STATEMENTS RELATIVE TO COTTON BAGGING.

NEW ORLEANS, December 4, 1908.

HON. JOHN DALZELL,

Committee on Ways and Means, Washington, D. C.

DEAR SIR: When on last Monday, the 30th ultimo, I had the honor of appearing before the Committee on Ways and Means, I, in answer to a question put by you, stated that I had "in bond" in New Orleans about 400,000 yards of cotton bagging. Permit me to now state that possibly the figure I named did not agree with that which was furnished you by the Treasury Department, but if such is the case I will thank you to kindly consider that Treasury figures on jute cotton bagging are based upon square yards, while the commercial yard is from 44 to 45 inches width, and in speaking of yards I naturally always think of the actual number of running yards in question.

In other words, when I buy or sell jute cotton bagging same is always 44 to 45 inches wide per running yard, so the present rate of duty, while same is six-tenths cent per square yard, costs never less than 0.7333 cent per commercial yard, and the cotton farmer, who uses upon an average not less than $6\frac{1}{2}$ yards per cotton bale, pays a tax of a fraction over $4\frac{1}{2}$ cents upon the bagging he uses on each bale grown, and if you will add the duty on steel cotton ties, which is five-tenths cent per pound, or $22\frac{1}{2}$ cents per bundle of ties, which covers, say, five cotton bales, you will observe the tax on said ties amounts to $4\frac{1}{2}$ cents, making a total of $9\frac{1}{2}$ cents protective duty paid as a tax on each cotton bale.

In closing I beg to state that I fully realize that, no matter what Congress decides to do about tariff on jute cotton bagging, I would naturally expect to pay present rate of duty on any goods I might happen to have in bond at time of passage of bill, since no previous tariff bill I can remember of was retroactive.

I trust you will understand my reason for sending this to you individually is because of the fact that it was in answer to a question put by you that I particularly desire to be clearly understood.

With kind regards, I beg to remain,

Yours, respectfully,

C. LEE McMILLAN.

NEW ORLEANS, December 8, 1908.

HON. SERENO E. PAYNE,
Chairman of Committee on Ways and Means,
Washington, D. C.

DEAR SIR: In addition to my statement made before your committee on the 30th ultimo, I now ask to be allowed to submit the following in connection with the subject of jute bagging for covering cotton, which I requested you to place upon the free list.

The American makers, say, three in number, consisting of the American Manufacturing Company, of New York; the Ludlow Manufacturing Associates, of Boston; and the Peru Bagging Manufacturing Company, of Peru, Ind., own and control every mill in America now engaged in making new bagging for cotton.

The first two corporations agree at the beginning of each season upon a price to open the market at, and the small Peru company follows. An arbitrary list, showing differentials throughout the entire cotton belt is strictly followed, and the price named any given point by the American Manufacturing Company is exactly same as the one quoted same point by the Ludlow company.

Some years ago there were several independent mills engaged in this business, but the ones now surviving managed to drive the others entirely out by selling bagging below price at which the independents could make same at, and in the end the American Manufacturing Company bought such independent mills as the one in New Orleans, in Louisville, Ky., and in Galveston, Tex., and then dismantled same, shipped such machinery as was wanted to Brooklyn and St. Louis, and breaking up and selling for scrap the balance of the machinery. I think that the same process was followed when the American Manufacturing Company bought out their New York and Brooklyn rivals. When additional machinery has been required by the Americans, they have either had it made in this country, or they bought it second hand in Dundee and imported same free of duty.

There can be no doubts about the profits of the above-named concerns being very large (see how they have grown), and I ask you to take into consideration the great amount of low-grade jute butts and the vast amount of second-hand jute bagging they buy and make into yarns when you compare their cost with that of the Calcutta maker, who uses a much higher quality of raw material.

It is true that importations of this class of bagging have increased some during late years, but so has the size of the cotton crop increased very materially, say, from 6,700,365 bales in 1902 to 13,510,982 in 1906.

I beg to call your attention to the fact that during the past eight or ten years the American Manufacturing Company, through its various agents, have imported into this country from Calcutta the major part of all of this kind of cloth made in Calcutta, and I have known seasons when they bought every yard that Calcutta mills could furnish. It is reported upon what I consider the best authority that the American Manufacturing Company, through its agents, has already secured from three of the Calcutta mills all of the bagging they can make from September, 1908, to August, 1909, and offers have been made to the remaining Calcutta mills by the American Manufacturing Company to take their output for the coming season. Portions of the above-mentioned purchase have already

arrived here and same is being held by the local selling agent of the American Manufacturing Company.

The writer has never known of any combination existing among the Calcutta mills, and whenever I have cabled out there for prices no two mills ever named me the same figure upon any given date. If bagging was placed upon the free list to-day, I think the American makers would still be amply able to compete. As a matter of fact, the American Manufacturing Company turned out early this year 2-pound 45-inch bagging, at $6\frac{1}{2}$ cents per yard at the ports, while all that came from Calcutta cost about $1\frac{1}{2}$ cents per yard more, or say, about 8 cents landed, duty paid.

The largest revenue I remember as being paid the Government on jute cotton bagging during any one year did not exceed \$120,000, while the cotton farmer pays about one and one-quarter million dollars annually to the bagging and steel trusts, because of the present rate of duty on the articles he requires, which occupy the same position exactly as does binder twine, which is admitted free of duty.

Respectfully submitted.

Yours, faithfully,

C. LEE McMILLAN.

NEW ORLEANS, *December 4, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Pray permit me to say, that in my recent testimony before your honorable committee I stated that, in my opinion, only about 20 per cent of the bagging used for covering last year's cotton crop was imported into this country.

If my memory serves me correctly, you stated that some "20,000,000 yards were imported during 1907," but I think you will find the Treasury Department furnished you with figures upon *square* yards, while the commercial yard is 44 to 45 inches wide, and bagging of such width is used according to the sections where cotton is grown, say from 6 to 8 yards per bale.

At the close of last season I received from the collectors of all the Atlantic and Gulf ports statements given in square yards, all bagging received during 1907, and when reduced to running yards, figures out slightly in excess of 15,000,000 yards, which is not over 20 per cent of total amount used in covering last year's small crop of 11,572,000 bales. The large increase in importations last season was to no small extent due to the high price of 10 to $10\frac{1}{2}$ cents per yard, at which bagging sold in America. This year I think you will find importations total considerably less, although cotton crop will be larger, but the price of bagging has been about 7 cents per yard.

In closing, it may not be amiss for me to state, that during many past years, the American Manufacturing Company, better known as the "bagging trust," has, through its various agents, been the largest importers of jute cotton bagging into America, and the writer is most reliably informed that the output for the coming season of the Hastings, Briggs, and Kinnison Mills, of Calcutta, has been contracted for by those in control of the American Manufacturing

Company. I can furnish proof of the above statement if your committee desires same.

Thanking you for the kind consideration your committee recently accorded me, I beg to remain,

Respectfully, yours,

C. LEE McMILLAN.

AMERICAN BURLAP-BAG MANUFACTURERS RECOMMEND A NEW CLASSIFICATION FOR BURLAPS AND BURLAP BAGS.

BOSTON, November 27, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As a committee for the burlap-bag manufacturers of the United States, we respectfully ask you to revise the rates in paragraphs 341 and 343 of the Dingley bill, as follows:

341. Instead of five-eighths cent per pound and 15 per cent ad valorem, make it 1 cent per pound.

343. Instead of seven-eighths cent per pound and 15 per cent ad valorem, make it 1½ cents per pound.

The paragraphs would then read:

341. Plain woven fabrics, of single jute yarns, by whatever name known, not exceeding sixty inches in width, weighing not less than six ounces per square yard, and not exceeding thirty threads to the square inch, counting the warp and filling, one cent per pound; if exceeding thirty and not exceeding fifty-five threads to the square inch, counting the warp and filling, seven-eighths cent per pound and fifteen per cent ad valorem.

343. Bags or sacks made from plain woven fabrics, of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding thirty threads to the square inch, counting the warp and filling, one and one-half cents per pound.

Please notice we have not asked any change in the last part of paragraph 341.

The effect of these changes is as follows:

341. The present duty of five-eighths cent per pound and 15 per cent ad valorem at present market value is equal to about 1.43 per pound. We have asked to have this changed to 1 cent, which would be a reduction of about 30 per cent of the amount of duty.

343. The present duty of seven-eighths of a cent per pound and 15 per cent ad valorem at present market value is equal to about 1.72 per pound. We have asked to have this changed to 1.50, which would be a reduction of about 13 per cent of the amount of the duty.

The reductions we ask would reduce the revenue about \$1,500,000 per annum when business is normal.

Specific duty against compound duty.—We ask to have the combination specific and ad valorem duties changed into straight specific duties, because of the great trouble and expense caused by the present ad valorem rates.

The extra expense comes under three heads.

(a) Extra duties paid on account of market fluctuations, the duty being payable on cost price if higher than market value, but on market value if higher than cost price.

We estimate that during the past eight years these extra duties on imported burlaps have amounted to more than \$200,000, which is

a loss to the American importers, principally the burlap bag manufacturers. We say loss, because we do not get this item back from the consumers.

This loss to us is gain to the Government, and increases the duty by that amount over the rates in the tariff.

(b) Penalties lost by the importer to the Government on account of undervaluation by reason of mistakes in making entries, caused principally by errors in foreign invoices. It is impossible to get shippers always to make their invoices right.

This again increases the amount of the duty over the rate named in the tariff.

(c) Extra work in connection with the complicated ad valorem settlements.

To the Government it is a question of extra useless labor at the custom-houses, making the complicated calculations which pertain to ad valorem duties.

The amount of useless work caused by an ad valorem instead of a specific rate is enormous. A straight specific rate would be much more convenient, satisfactory, effective, economical, and preferable in every way.

As we do not expect any opposition on this point we will not enter into any long argument about it. We attach a separate memorandum of some of the items of useless work caused by the ad valorem duty.

Reduction in the rate on burlap cloth.—A reduction in the rate on burlap cloth is demanded by consumers to whom we sell. We are pledged to them to work for this reduction. They are chiefly the flour millers and the manufacturers of various commodities, mostly agricultural—grain, sugar, cotton-seed meal, fertilizers, and other items too numerous to mention. Most of these articles are staple necessities of life, sold under great competition. The burlap bags are a necessity to the producer, who feels entitled to secure the packages for his produce at the lowest price.

Burlap cloth is not a luxury on which we can view a high duty with indifference. It is a necessity to the agricultural interests, and its large use is due to its low price.

Except for a few years under the Wilson bill, the jute schedule has been for the last generation, and is now, made up at protective rates. The present high rate of duty is the result of a misguided effort to protect the manufacture of burlaps in this country. But although this high rate has been in force for about eleven years, and although still higher rates were in force under the McKinley bill for several years, beginning 1890, there is no manufacturing of burlap cloth in this country worth mentioning. All of the factories here making goods covered by this paragraph do not supply one-half of 1 per cent of the consumption, and the small quantity made is made only as a side issue to some other larger line of manufacture.

Protective rates which would be entirely satisfactory to the manufacturer in the business were a desirable one in the first place, have not been, and would hereafter not be, successful in building up an industry which is known to be undesirable and unsafe for American investment. Even a higher duty would be only a heavy revenue duty wrongly collected from the consumers of a staple necessity which can not reasonably be produced in this country. Our Ameri-

can labor and capital can find better employment than to enter upon the manufacture of burlap cloth in competition with the cheap labor and fine manufacturing facilities of Calcutta, and in the absence of any source of supply of raw jute except Calcutta. It is a growing principle that each nation will hereafter claim the right to make its raw materials into finished products, especially in cases where the raw material is produced or grown only by one nation. It is entirely optional with India to say how much of her raw jute she will allow to be exchanged in trade relations with foreign nations and whether with or without an export tax.

Under the Dingley bill we are taxing ourselves (for in this particular case the consumer surely pays the whole of the tax) about 26 per cent on these cheap coverings so essential to our agricultural interests, while India allows our manufactured cotton goods to come into her country at a duty of about $3\frac{1}{2}$ per cent. If the duty on burlaps were raised high enough to compel the manufacture in this country, notwithstanding the undesirable nature of the business, it is certain that India would put an export duty on jute, to the great embarrassment of the American manufacturer.

We do not wish to manufacture burlap cloth in this country. It is an industry which does not belong here. We can not produce the raw material. Jute is grown commercially only in India, and the burlap cloth for this market is made chiefly in Calcutta, where the labor is plentiful and manufacturing facilities are complete, economical, and up to date in every way for producing the cloth at the minimum cost. There are more than forty jute mills in Calcutta, representing an investment of more than \$100,000,000. These mills are equipped with the latest and best machinery, and are managed by English or Scotch managers, superintendents, and foremen, while the ordinary work is done by cheap native labor. The result is satisfactory and economical.

If we had access to some source of supply of the raw material other than India, there might still be some hope of building up the manufacture of burlaps in the United States, but there is no source from which the raw material can be obtained except India. The relationship between the Calcutta jute mills and the Indian government is very close. The seat of the Indian government is in Calcutta. A large proportion of the influential men in Calcutta are connected directly or indirectly with the firms which manage the jute mills, and these same men are intimately acquainted with the men comprising the Indian government, if not actively connected with the government themselves. No ordinary rate of duty could cause the manufacture of burlap cloth in the United States, and if the rate were made high enough to bring about this unnatural result we may be quite sure that the Indian government would promptly protect the important interests of its jute mills by placing an export duty on raw jute.

Without denying the benefits of the protective policy properly applied to lines of production which can reasonably be built up in this country we do deny that burlap cloth is a proper article for protection.

This country does not wish to make these cheap burlaps—can not make them. The price of our labor is prohibitory. Even with raw cotton at our doors three-fifths of our immense cotton crop is shipped to foreign countries hunting for cheap labor to make it into goods, and even then part of it pays freight back to this country and our

tariff duties, still competing successfully with our own high price for labor. It is said that we do not manufacture and export 2 per cent of the cotton goods required by the importing countries of the world.

Under these circumstances it would look like commercial suicide to build jute mills and bring the raw material from India's cheapest labor for our high-priced labor to make into these low-grade coarse fabrics. Our extra labor cost and extra freight to points of manufacture, and then reshipment to consuming points, compared with shipping the finished product net weight direct from Calcutta to points of consumption in our country, constitute an extra expense for which there is no proper return.

Some of our larger bag companies have built large modern cotton mills, but not one jute mill. During the years of 1906 and 1907 we could get only about two-thirds enough help to operate our cotton mills, which is decidedly against trying to run a jute mill at still lower wages. Our American labor does not want such work.

If burlap mills have not been built under this protection of the last twenty years, now is certainly a poor time to begin, with labor and all other expenses in our country much higher than they have averaged during that time.

The country will surely expect reduced rates of duty on those imports on which protective rates would benefit neither capital nor labor. Such reductions are right in line with all the arguments used in the campaign to elect Mr. Taft.

From a protection standpoint burlap manufacture is not a suitable industry to try to establish in this country. However, because certain other lines of jute manufactures have been established in this country, it is desirable, from the standpoint of those other manufacturers, to keep the rate of duty on burlaps as high as possible in order that burlaps may not interfere with their own products.

For instance, jute bagging for covering cotton bales is entirely different from burlaps. At present the two can hardly be said to come into competition at all. But if burlaps were put on the free list they might interfere with the jute bagging. It is partly on this account that we have modestly and moderately asked for a reduction only to 1 cent per pound, instead of asking to have burlaps put on the free list.

We are careful not to ask for any change in the rates that would be against the interests of the American industries protected by paragraphs 328, 344, and 347. We recognize the right of these manufacturers to claim a continuance in these paragraphs of the protective rates under which those industries were built up. Paragraph 341 is the only one under which there is no industry to protect, and there should not be any industry to protect under this paragraph.

From an investment and profit standpoint we consider that a burlap cloth mill here would be a dangerous and unsatisfactory enterprise.

From a labor standpoint it would be unsatisfactory in respect to the low quality of work to be performed and the small wages to be paid.

It is cheap, coarse cloth, requiring in its manufacture only a minimum of skill in the ordinary workers. We would do better trying to

learn how to do something that is more worth while doing when we have learned.

The work is well done now by one of the poorest of poor people. They need the work far more than we do, and we should not begrudge them the small pay they get for it.

They control the supply of the raw material, which gives them the first claim on the manufacturing.

They are in a position to make it decidedly uncomfortable for us by putting an export duty on the raw material if we threaten to take the manufacturing away from them.

Even if once established here, the manufacture of burlap cloth could never become self-sustaining. It would always be dependent upon high protective duties, and the duties would have to be very high.

The burlap-bag manufacturers on behalf of whom this petition is introduced are the ones who are chiefly concerned with the burlap trade in the United States. The committee before you includes representatives of three concerns which are among the largest dealers in burlaps in the United States. Two of these three concerns are large owners and operators of cotton spinning and weaving mills, and at least these two, if not all three, of the concerns have ample capital to build jute mills and make burlap cloth if they desired to do so. If burlap cloth were to be made in this country, the men now appearing before you would be the very men to build the jute mills and make the cloth. We speak with full authority on this subject. We are now importing the burlaps, making the bags, and selling them to consumers, and we know the widths, weights, kinds, and quantities wanted, and when and where and how they are wanted. We own and operate spinning and weaving mills and are fully competent in every way to enter upon the manufacture of this burlap cloth, but we consider it a business unnatural to this country and undesirable to build up here.

We believe that at almost every revision some one promises the Ways and Means Committee that if the tariff is rated at a protection basis he or some one will build burlap mills in this country. Mr. Dingley told Mr. J. M. Bemis that two wealthy concerns had promised to build jute mills for these goods, one in the West and one in the East, provided fair protective rates were granted. These rates have now been in force eleven years, but, as might have been expected, no mills have been built. It is not an industry to attract capital in this country.

We ask for a duty on burlaps for revenue only, 1 cent per pound.

Differential duty on bags.—Ever since burlaps have been imported largely, except for a few years under the Wilson bill, the American manufacturers of burlap bags have been protected by a duty on burlap bags slightly higher than on the cloth. In the McKinley bill this differential was three-eighths of a cent per pound. In the Dingley bill it is one-fourth of a cent per pound, plus 15 per cent ad valorem on whatever may be the extra cost of having the bag made abroad.

At present market value the compound duty on the bag is equal to about 1.72 per pound specific.

The compound duty on the cloth is equal to about 1.43 specific, so the compound differential is apparently equal to about 29 points per pound specific.

The burlap-bag factories of the United States can not compete with the Calcutta-made bag on the present differential. This is shown by the fact that on the Pacific coast in all cases where the local bag manufacturers are first to meet with the competition of the Calcutta-made bag the Calcutta-made bag takes the trade. The manufacture of such bags has been largely, if not wholly, abandoned by the American bag factories, and this, too, despite the fact that this is the business offering more volume to the bag manufacturers than any other business in their territory. The differential we ask would not stop the importation of Calcutta bags, and even an increase to seven-tenths cent per pound would not entirely stop it. Conditions have changed somewhat since the passage of the McKinley bill, and the protection therein given of three-eighths cent per pound would not be adequate under present conditions. Labor and manufacturing expenses generally are much higher than in the time of the McKinley bill. It is well known that in Calcutta adult male labor can be obtained for about 10 cents per day.

The amount of drawback which might under other conditions be collected on bags of domestic manufacture exported does not relieve the situation to any considerable extent for two reasons: First, because the home consumption of grain is greatly increasing, and second, it is almost impossible to collect the drawback without great expense. This is because of the great difficulty of identifying the exported bags. The shipments of grain go out in mixed lots—Calcutta-made bags, prison-made bags, and bags of our make—and the proportion of bags made by the American manufacturer is so small that it is almost impossible to get the export particulars and collect the drawback on them except at a loss. If the bags could be identified through from factory to time of export, the drawback anyway would go to the consumer and not to the bag manufacturer.

Another point in favor of an increased differential on bags is the fact that a large number of secondhand bags are imported, chiefly from Liverpool and the Argentine. We would be glad if an extra differential on these bags would tend to cause a better selection and prevent shipping here the cheapest and least desirable bags. They come in competition here with new bags, and the selling price of the secondhand bags is governed largely by the selling price of new bags. They would pay the extra differential.

In the case of secondhand bags it is the foreigner who pays the difference in the rate of duty, and the fact that the extra duty can be collected without increasing the price to the consumer is an additional reason for increasing the duty on these bags. There is also a point here in favor of the straight specific rate. The dutiable value of secondhand bags is low. If the duty is ad valorem, it is correspondingly reduced on these cheap bags, which might just as well pay the same specific duty as new bags.

This petition is presented on behalf of the following manufacturers of burlap bags: Ames, Harris, Neville Company, San Francisco; John T. Bailey Company, Philadelphia; Bemis Brother Bag Com-

pany, St. Louis; H. & L. Chase, Boston; H. & L. Chase Bag Company, St. Louis; Cleveland-Akron Bag Company, Cleveland; Fulton Bag and Cotton Mills, Atlanta; John C. Grafflin Company, Baltimore; E. S. Halsted & Co., New York; Hardwood Manufacturing Company, Minneapolis; Percy Kent Company, New York; Mente & Co., New Orleans; Milwaukee Bag Company, Milwaukee; W. C. Noon Bag Company, Portland, Oreg.; C. H. Parsons Bag Company, New York; Riegel Sack Company, Jersey City; Royal Bag and Yarn Manufacturing Company, Charleston, S. C.

The above list includes most of the large burlap-bag manufacturers in the country. It includes probably nine-tenths of the volume of business in this line, although not such a large proportion of the number of separate manufacturers.

J. M. BEMIS,
Chairman.

A. V. PHILLIPS.

E. W. MENTE,

OSCAR ELSAR,

By J. M. BEMIS,
Committee.

EXHIBIT A.

Extra work on account of ad valorem duty.

The ad valorem duty on burlap makes or has made the following work, which would be saved if the duty was all specific instead of ad valorem:

All the work done by the United States consul in Calcutta in connection with the certification of market values on consular invoices and corrections thereon.

All work done by the United States consul in Calcutta in connection with the publication of a weekly list of market values, which has been the subject of much correspondence and negotiation.

All work done by the Treasury and State departments in corresponding with the United States consuls about market values.

All work done by brokers in Calcutta furnishing these market values for us on consular invoices. There is a lot of this work done all the time.

All work done by consignees of goods in this country verifying the market values as shown on consular invoices. It is a troublesome piece of work and requires a good deal of time and careful attention.

All work done by consignees in this country in connection with sending telegrams and letters to Calcutta to obtain correction of mistakes. We have a steady stream of correspondence with Calcutta about the correction of errors made in giving market values, and many times the corrections are obtained by cable only with considerable difficulty and expense.

Nearly all work of United States samplers in cutting samples of cloth from the bales, counting the number of threads per square inch, and comparing the quality to determine whether the goods are exactly the quality for which the value is appraised.

All work by United States appraisers in keeping account of the foreign market values, and of appraising the values in complicated fractions in rupees, annas, and pies for odd widths and weights of goods.

All work of shippers, consignees, and customs officials in connection with showing on invoices the nondutiable charges included in cost prices, and the correspondence and negotiations relating to these items. There is always a lot of this correspondence in process.

All work by United States general appraisers hearing protests against advances in valuations.

All work done by the Board of General Appraisers hearing appeals from the first decision of the appraiser on such protests.

All work by consignees, customs brokers, and witnesses attending the cases before the general appraisers and the appealed cases before the board in the effort to obtain correction of values advanced by the local appraisers.

All correspondence between collectors of customs and the general appraisers in New York in regard to such cases, sending the invoices back and forth.

All the extra work by consignees, customs brokers, and customs officials of figuring duties on odd numbers of yards at complicated foreign values, converted at odd rates of exchange, to determine amounts of duty which might be arrived at in the simplest and easiest manner, as, for instance, 98.864 yards of 36-inch 9-ounce to 40 burlap, at 839.6 rupees per 100 yards, less nondutiable charges on 50 bales, at 8 annas per bale, converted into American money, at 39.44½ cents per rupee, and duty taken at 15 per cent and five-eighths cent per pound, as compared with taking duty on the same item, 49,800 pounds, at, say, three-fourths of a cent a pound.

EXHIBIT B.

Mr. J. M. BEMIS.

The Shoreham, Washington, D. C.

DEAR SIR: Your favor of the 23d instant just received.

We authorize you to add our name to the petition of the bag manufacturers you are presenting to the Ways and Means Committee.

Wishing you success in your efforts, we beg to remain,

Yours, very truly,

AMERICAN BAG COMPANY,
W. H. CARTER, *Vice-President.*

AMES, HARRIS, NEVILLE COMPANY, OF BOSTON, MASS., ASKS PROTECTION AGAINST CALCUTTA-MADE BAGS.

WASHINGTON, D. C., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: A meeting of the bag manufacturers was held in New York City on the 17th day of November this year. At that meeting there were present a large majority of the bag manufactur-

ers of the United States, and about 90 per cent of the volume of bag manufacturing done in this country was represented at that meeting. After deliberation it was recommended, and with which recommendation the undersigned are in thorough accord, to suggest to your committee as follows:

First. That a simple specific duty be substituted for the present compound ad valorem and specific duty.

Second. That the duty on the burlap, described in the first subdivision of section 341 of the Dingley tariff, be fixed at 1 cent per pound:

Third. That the duty on burlap bags, described in subdivision 343 of the Dingley tariff, be fixed at $1\frac{1}{2}$ cents per pound.

It was further decided to make no recommendation as to other burlap, because of the fact that these are the burlaps and bags in which the bag manufacturers are principally interested. It is not the intention of the undersigned to dwell particularly on the recommendation of the conference in regard to a simple specific duty or in regard to fixing the duty on the burlap mentioned in the first subdivision of section 341, Dingley Act, at 1 cent per pound, because these recommendations apply generally to the United States as a whole, and strong reasons will be furnished to your committee favoring the adoption of this schedule. It is, however, our intention to point out at considerable length our reasons why the rate on the burlap bag should be fixed at $1\frac{1}{2}$ cents per pound, simple specific, and a differential of one-half cent per pound be established in favor of the bag.

We desire to state at the outset that the question of protection of the American-made bag against the Calcutta-made bag is important to all bag manufacturers of the United States, but applies with particular force to the Pacific coast, at which place the undersigned maintains its factories. Throughout the East and Middle West grain is handled in bulk and the manufacture of grain bags is not a large part of the established bag manufacturer's business. On the Pacific coast, because of the peculiar conditions existing there, it is impossible to handle grain in bulk. In the first place, the vessels carrying the grain to foreign ports will not accept the grain unless sacked, because of the danger of shifting the cargo, and also because of sweating of the wheat going around the Horn. Therefore on the Pacific coast millions of bags are used annually in the harvest fields for handling the wheat, oat, and barley crop, and the bag that is principally used for this purpose—in fact, almost exclusively used—is a bag which is known as "Standard 22 by 32 Calcutta grain bag."

Under the McKinley tariff a differential of three-eighths of a cent per pound existed between the burlap out of which the bags are made and the bags themselves. This afforded to the bag manufacturer a very slight margin of protection, although this protection would not be sufficient to-day under the conditions which now exist and to which your attention will be directed later. Under the Wilson bill there was no duty either on burlap or bags, and consequently none of these bags were made by the local bag manufacturers on the Pacific coast. Under the present Dingley tariff the duty on burlap is 15 per cent ad valorem and five-eighths of a cent per pound specific, and the duty on bags is 15 per cent ad valorem and seven-eighths of a cent per pound specific, affording to the bag manufacturer a protection of a quarter of a cent per pound specific and a slight additional protection

of the ad valorem duty because of the slightly higher price of the Calcutta bag. Taking the rates mentioned as a basis, the duty on the Calcutta bag would be about 1.76 cents per pound specific and the duty on the burlap out of which the bag is made will be about 1.46 cents per pound specific, affording to the bag manufacturer a protection of about three-tenths of a cent per pound. This, we submit, affords us no real protection at all, and this statement is best proven by the fact that under the Dingley law the manufacture of the standard grain bag on the Pacific coast has been practically abandoned, and we do not believe that there are at present manufactured by local bag institutions on the Pacific coast more than $7\frac{1}{2}$ per cent of the bags which this section actually uses. Under the McKinley tariff, as we have said, the protection was three-eighths of a cent per pound specific, but that would not afford us any protection to-day for two reasons. First, because the scale of wages on the Pacific coast has advanced from 20 to 30 per cent, and in some instances even more, since the McKinley bill was law, and, second, there has been introduced into the Calcutta factories many labor-saving machines which have materially reduced the cost of manufacture to them.

Adult male labor in Calcutta to-day is 10 cents per day, and adult labor on the Pacific coast is from \$1.75 to \$2 per day. We do not claim that we should have the proportionate protection that this difference in labor represents, but we feel safe in saying that it costs the American manufacturer four to five times as much to manufacture grain bags than it costs the Calcutta factories with their low-priced Hindoo labor. There are at present on the Pacific coast 6 factories that are equipped to manufacture bags. These factories represent an investment of over a million and a half dollars, and at present employ nearly 1,000 operatives. If the protection which we ask could be accorded us, the number of employees would be increased and a considerably larger volume of business be given to the bag manufacturers on the Pacific coast.

The establishment of a differential of one-half cent per pound would not prevent the importation of the Calcutta bag, and the margin of profit that the local manufacturer would make by reason of this protection would be very small; in fact, if the differential was seven-tenths, or even three-fourths cent per pound, it would be still probable that the Calcutta bag would be imported and sold successfully in competition with the bag of local manufacture. The grain bag business on the Pacific coast represents by far the largest volume of the bag business, and yet under the conditions that have existed for many years, and which still exist, the local bag manufacturer has not been in a position to compete for this business because of the low-priced Hindoo labor, and we respectfully submit that the protection which we ask is one to which we are entitled, based upon the Republican theory of protection to established American industries.

In the discussion of this question we are not unmindful of the fact that bag manufacturers obtain a drawback on all bags that are exported from the country, and the possible protection that exists by way of drawback was fully taken into consideration and discussed at the conference of the bag manufacturers of the United States. The protection of one-half a cent per pound specific does not, of itself, afford adequate protection, and the bag manufacturers could not manufacture on this differential without some possible drawback. How-

ever, the protection by way of drawback is not as great as might at first seem apparent, and this for two reasons. In the first place, with the rapid development of the Pacific coast and increase in its population, the home consumption of grain is becoming greater and greater every day, and in addition to that more and more wheat is being ground into flour, so that the exportation of wheat from the Pacific coast, and especially from the State of California, is on the decline. In the second place, the cost of collection of the drawback is a very considerable item and one which must not be overlooked. In fact, the expense of collection of drawback in some instances is so great that many of the bag manufacturers who still make a few of these bags have practically abandoned the collection of this drawback in many localities, and it sometimes happens, in fact we may almost say that it often happens, that the amount of drawback obtained from single shipments is considerably less than the expense entailed in its collection.

Another phase of this question to which we desire to draw your attention arises from the fact that annually many secondhand bags are shipped into this country, both from Liverpool and from the Argentine Republic, and as a result of such importation the bag manufacturers are compelled to compete with secondhand bags, and consequently also to meet the competition of secondhand bags with new bags. It is also a fact that the quality of these secondhand bags is very poor indeed, and the only way that quality can be improved is to establish a sufficient differential between the burlap and the bags to compel the importation into this country of only a good quality secondhand bag. Another matter to be considered in connection with this subject is the fact of the additional revenue that would be obtained by the Government because of an additional duty on these bags.

In conclusion, we beg to state that the reasons herein given for the establishment of a differential of one-half cent per pound between burlap and the bags out of which same are made are the result of careful and considerable deliberation on our part, and we sincerely believe that we are asking only that which we should be granted, taking into consideration the rights not only of the bag manufacturers, but also of the consumers.

Respectfully submitted.

AMES, HARRIS, NEVILLE Co.,
EVERETT AMES.

**THE PHILIP CAREY MANUFACTURING COMPANY, CINCINNATI,
OHIO, ASKS FOR A SPECIFIC DUTY ON BURLAPS.**

CINCINNATI, OHIO, *December 1, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: We appeal to your committee to place burlap upon a specific basis of not to exceed five-eighths of a cent per pound.

The present duty on burlap is five-eighths of a cent per pound and 15 per cent ad valorem.

Burlap is produced from jute.

Jute is not grown in the United States.

Practically no burlap is manufactured in the United States. Ninety-nine and one-half per cent of the consumption in the United States is imported, leaving only about one-half of 1 per cent domestic manufacture.

Jute, from which burlap is made, can never be grown in the United States successfully, because of the low scale of wages in India and the cheapness of the article, and for the same reasons burlap can not be manufactured in the United States.

The value of labor used in the growing of jute and the manufacture of burlap in India is not to exceed 20 cents per day.

The importation of burlap into the United States, according to government statistics, is over 500,000,000 yards, while not more than 2,000,000 or 3,000,000 yards is actually manufactured in the United States.

In the manufacture of composition roofing we use, in conjunction with other materials, burlap.

Our consumption of burlap in the manufacture of roofing is about 7,000,000 yards per annum.

Burlap requires no protection.

It should, therefore, be placed upon a revenue basis only, and because of the cheapness of the article the duty should not exceed five-eighths of a cent per pound specific.

By placing burlap upon the basis recommended herein, no home industries would be injured, but, on the contrary, the American farmer and consumers of burlap generally in its different forms, such as roofing, bags, and the like, would be benefited.

We earnestly request the careful consideration of your committee to the above recommendation.

Respectfully submitted.

THE PHILIP CAREY MANUFACTURING COMPANY.

R. ROCHESTER, NEW YORK CITY, STATES THAT THE MANUFACTURE OF COTTON BAGGING IS CONTROLLED BY TWO CONCERNS.

NEW YORK CITY, *November 28, 1908.*

President ROOSEVELT,

Washington, D. C.

MY DEAR SIR: Jute bagging for covering cotton bales is an item which I think richly deserves the attention of the men now sitting on tariff revision.

Every yard of bagging used to cover the cotton crop of the United States is made by the American Manufacturing Company, 65 Wall street, and the Ludlow Manufacturing Company, at Ludlow, Mass., which concerns have the country districted, the American selling 82 per cent and the Ludlow 18 per cent, at an agreed price.

This business has been going on for many years, the two concerns in question having gradually crushed out or absorbed all others who attempted to make bagging.

They are protected by a tariff to such an extent that it keeps out the Dundee and Calcutta bagging. For it has been the rule for many years that whenever a consignment of any foreign bagging would come in the combination (American and Ludlow) would promptly lower their prices in the market to which the foreign bagging came to a point below the cost of the foreign bagging, and would so advertise the fact and intimidate the trade as to discourage further importations.

It is a notorious fact that the American cotton bale is to-day and has been for many years, since the existence of this trust agreement, the most disreputable package which comes from any market of any commodity on earth.

The bagging is sold all the way from 3 to 4½ cents per pound, though made out of the lowest and cheapest grade of jute butts and rejections, worth in the market seven-eighths to 2 cents per pound.

It is loaded down with East River water salt, oil, barytes, and other makeweights, and which makeweights it is estimated about to cover the labor cost on the bagging.

It is made of very coarse slazy slivers and runs through the machines consequently at a rapid rate.

The above concerns have for many years seen to it, by maintaining the secret lobby in Washington, that the tariff on bagging is always kept up to the high-water mark, and they thereby fattened at the expense of every farmer and planter throughout the South who had a bale of cotton for market and who might otherwise present it at market in merchantable ship shape and at reasonable cost for his bagging.

Several years ago the American Manufacturing Company cut down its capital stock from \$3,000,000 to \$2,000,000, passing around the excess \$1,000,000 (the profits on bagging for two years) to its stockholders, saying it had no use for the extra capital.

The tariff on bagging should be removed entirely, and at once this would operate to encourage competition here or enable the foreign bagging which is of a standard quality and integrity to come in.

In addition to the above combination between the American and Ludlow they also maintain a chain of brokers or so-called dealers throughout the country who, though posing as independent, are in fact emissaries of these concerns, keeping them advised at all times of the conditions in the various markets regarding the status of foreign bagging, etc., and with suggestions as to "all the traffic will bear."

A case in point is that of Oscar Edgerly, 96 Water street, New York, who, though going before the trade as an independent dealer, habituates the offices of the American Manufacturing Company, getting all instructions from it in each case as to how to quote and, in fact, frequently having his letters framed up there for him, thus keeping up the semblance of a competition to deceive and mislead the public.

This American Manufacturing Company is the same concern whose man Fleming was arrested at Auburn, N. Y., a short while ago for stealing clandestinely into the mill of the Columbian Rope Company, a competitor, and who was found, upon investigation, to have in his trunk at the hotel blueprints and detail descriptions, formulas, etc., of almost every fiber-working plant throughout the United States.

This is a mere outline of some of the salient features of the situation, and can be abundantly corroborated and supplemented by the cordage, fiber, and bagging fraternities.

I am sending a copy of this letter to Mr. Harvey Jordan, of Atlanta, Ga., in the hope that he will use the data among his friends there mostly interested.

Trusting that you will lodge this communication before the proper committee, I beg to remain, sir,

Yours, very truly,

R. ROCHESTER.

THE CALIFORNIA COTTON MILLS COMPANY, OAKLAND, CAL., SUGGESTS NEW PROTECTIVE CLASSIFICATION FOR JUTE BURLAPS.

OAKLAND, CAL., *November 18, 1908.*

HON. JAMES C. NEEDHAM, M. C.,
Washington, D. C.

DEAR SIR: We are greatly interested in the question of tariff revision which is now before the Ways and Means Committee of the House of Representatives. As you are a member of that committee and one whom we know to be interested in all Pacific coast industries, at the suggestion of Congressman Knowland, we take the liberty of addressing you on the matter of tariffs on jute, hemp, and flax, and manufactures thereof, covered by Schedule J of the Dingley tariff law.

We are large manufacturers of jute burlaps—the ordinary burlaps and also the finer grades used for fruit bagging, seed bagging, and tarpauling; also twilled sacking and other jute fabrics. As manufacturers of these articles we find that the rates specified in the Dingley tariff are not affording us sufficient protection, and to enable us to compete with the cheap imported goods which are brought in from British India, Great Britain, and Germany, and pay living wages to our help, we ought to have the old McKinley rates restored on the articles in question.

The greatest competition on burlaps and jute goods comes from India, where men work at 20 annas per day at weaving, as compared with the wages of \$1.50 per day that we pay to our weavers for doing the same kind of work, so that we pay six to eight times the wages based on the same number of hours per day.

We would suggest that, to give proper protection to the industry in which we are engaged, the following changes should be made in the schedule, viz:

In Schedule J, paragraph 328, the duty on single jute yarns not finer than 5 lea or number, should be increased to 1 cent per pound and 20 per cent ad valorem, and on jute yarns finer than 5 lea or number the duty should be increased to 45 per cent.

Paragraph 329: The tariff on cables and cordage, composed of istle, tampico fiber, manila, sisal grass or sunn, or a mixture of these or any of them should be increased to 2 cents per pound.

Paragraph 341: The first part of this paragraph covers plain woven jute fabrics, not exceeding 60 inches in width, weighing not

less than 6 ounces per yard and not exceeding 30 threads per square inch, counting warp and filling. The duty on goods covered by this clause should be increased to 1 cent per pound and 25 per cent ad valorem.

Paragraph 343: The rate of duty in this paragraph should be changed so as to read "1 cent per pound and 25 per cent ad valorem."

We inclose you herewith a table showing the present rates of tariff on the articles in question, and opposite them the rates which are necessary to afford proper protection, and which we hope you can have inserted in the new tariff bill.

The rate of wages which we have mentioned for weavers here is the rate paid to women, as we employ all female weavers in our factory, while the India rate mentioned is for male labor. So from this you will see that we pay six times as much here to women as men are paid for the same class of work in India. The wages paid to machinists, engineers, firemen, packers, teamsters, and all other kinds of labor here are proportionately higher than in India.

The competition by foreign imports of these articles is so keen that it is impossible under the present tariff rates to increase the manufacture of these goods in this country. We trust therefore that you will use every effort to have tariff rates on the above articles so adjusted as to give us a fair protection, to enable us to pay a fair rate of wages and extend our business on these lines.

Should you wish any additional information which is at our disposal, we shall be pleased to communicate same to you.

Yours, sincerely,

CALIFORNIA COTTON MILLS COMPANY,
Per WM. RUTHERFORD, *Superintendent.*

EXHIBIT A.

Article.	Present tariff, Schedule J.		Rates necessary to afford proper protection.	
	Per pound.	Ad va- lorem.	Per pound.	Ad va- lorem.
	<i>Cent.</i>	<i>Percent.</i>	<i>Cente.</i>	<i>Percent.</i>
328. Single yarns made of jute, not finer than 5 lea or number.....	1	10	1	20
Finer than 5 lea or number		35		45
329. Cables and cordage, composed of istle, tampico fiber, manilla sisal grass or sunn, or a mixture of these or any of them.....	1		2	
341. Plain woven fabrics of single jute yarns, by whatever name known, not exceeding 60 inches in width, weighing not less than 6 ounces per square yard and not exceeding 30 threads to the square inch, counting the warp and filling.....	1	15	1	25
343. Bags or sacks made from plain woven fabrics, of single jute yarns, not dyed, colored, stained, painted, printed, or bleached, and not exceeding 30 threads to the square inch, counting the warp and filling.....	1	15	1	25
347. (Satisfactory to us)		45		

**THE COLUMBIAN ROPE COMPANY, AUBURN, N. Y., RECOMMENDS
AN INCREASE IN DUTY ON BURLAP.**

AUBURN, N. Y., November 19, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

SIR: Noting that your committee will on the 30th instant consider Schedule J of the present tariff act, we desire to file notice of our intention to later submit facts, with a view to justify a review of the above-named paragraphs, especially in their relation to manufacture of jute.

Paragraphs 341 and 347, woven (jute) fabrics; burlaps: This merchandise is all imported. The present rates of duty are, according to width, weight, and number of threads to the square inch, either five-eighths cent or seven-eighths cent per pound and 15 per cent ad valorem, and not specially provided for 45 per cent ad valorem.

The present equivalent ad valorem rate of the two grades of burlap, now assessed five-eighths cent and 15 per cent and seven-eighths cent and 15 per cent per pound, are, respectively, 22.91 and 22.17 per cent, based upon the imports for consumption of 1907, as shown in the following table:

Burlaps.

(Report on commerce and navigation, 1907.)

Grade.	Rate.	Quantity.	Value.	Duties.	Value per unit of quantity.	Ad valorem rate of duty.
		<i>Pounds.</i>				<i>Per cent.</i>
30 inches, 6 ounces, 30 threads to square inch.	½ cent per pound and 15 per cent ad valorem.	316,622,921	\$25,006,101	\$5,729,808	\$0.079	22.91
Between 30 and 55 threads to square inch.	¾ cent per pound and 15 per cent ad valorem.	6,342,854	774,251	171,637	.122	22.17
All other, not specially provided for.	45 per cent.....	29,911,701	3,042,277	1,369,024	.102	.45

The rate of duty assessed on the yarn before it is woven into cloth is, yarn not under 5-lea, 22.12 per cent, and finer than 5-lea, 35 per cent. A very large increase has been made in the amount of jute spun, but no increase has resulted in the weaving of burlaps; in fact, practically none are made in this country, although, as shown by the above figures, they are imported to the value of \$28,000,000.

If the duty on the woven goods was increased so as to give protection to the labor operation of weaving it would give a very great impetus to the growing industry of jute manufacturing. At the present time the duty on burlaps is a revenue producer, but it has not led to any development of manufacturing. A slight additional duty would result at first in a larger revenue and eventually in the creation of a very large industry.

In brief, what has been done in this country in tin plates, silk, glass, and numerous other manufactures can, under our protective system, be accomplished, in time, respecting burlaps.

It will be claimed that burlaps are the raw material for the bag industry. Any article which may claim the privileges of a raw ma

terial should require a reasonable amount of work expended on it to make it a finished article. The labor required to make the burlap for a bag is about 2 cents. The labor to sew a bag is two-tenths of a cent. Hence, for every dollar paid out for sewing bags \$10 would also be paid to American labor if the burlaps were of domestic manufacture.

At all times the difference in cost between cotton bags and jute bags and cheap cotton cloths and burlap is very small. Any increase in the burlap duty would at once make a market for cheap cotton cloth, thus enabling the cotton mills to employ more people and use large quantities of low-grade cotton, greatly to the benefit of the cotton farmer.

The undersigned are not asking for an increase of duty to add to profits, or even protection for an established industry. They are simply pointing out to your committee the possibilities of establishing in the United States a large and desirable industry which is in their direct line of manufacture and which they would like to enter into did they but receive sufficient protection against the low-paid labor of Calcutta, now the great center of the burlap manufacture.

Very respectfully,

COLUMBIAN ROPE COMPANY,
By EDWIN D. METCALF, *President*.

THE ZENITH MILLING COMPANY, KANSAS CITY, MO., FLOUR MILLERS, ASK REDUCTION OF DUTY ON BURLAP CLOTH.

KANSAS CITY, *November 28, 1908.*

HON. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: As export flour millers we use large quantities of jute and burlap bags. In view of the fact that your committee is now considering the revision of the tariff, we would respectfully ask you to consider the matter of the reduction in the duty on burlap cloth. This to our mind is very essential, and we can not see how any reduction can in any way injure any manufacturing institution in our country.

Thanking you in advance for your earnest consideration of the above question, we beg to remain,

Yours, very truly,

ZENITH MILLING COMPANY,
L. S. MOHR, *President*.

BURLAPS AND LINENS.

REPRESENTATIVES OF THE LINEN ASSOCIATION OF NEW YORK CITY SUGGEST NEW CLASSIFICATIONS.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I would respectfully submit the following argument in support of the proposed rates which accompany this memorial to your respected body.

Burlaps have been on the free list, and have also paid varying rates of duty, and at present are paying a compound duty, which we should like modified as per the memorial, which we will personally submit. Burlap is used largely in the manufacture of sacks for grain, agricultural products, mining products, fertilizers, sugar, and for baling various articles of merchandise, and is an article of necessity. It is not produced in this country. Any reduction in the tariff would therefore assist almost every variety of business, from the farmer to the cotton and woolen mill. The cotton mills and the woolen mills and many other manufacturers of goods in this country use burlap for baling covers, and many of them use the burlap for exporting cotton goods. Any reduction in the duty which reduces the value of burlap reduces the cost of bale covers and sacks, and enables all manufacturers competing for foreign trade to cheapen their goods to the extent afforded by any relief in duty which you extend to these goods.

Bagging for cotton and similar fabrics suitable for covering cotton as described in paragraph 344, has been argued very fully before the Ways and Means Committee, many people demanding that these goods come in free. We believe that all imports coming into the country should pay some moderate duty to contribute to the revenue of the country, as they enjoy the benefits of its courts and protection of its laws, making commerce possible. We would therefore suggest a rate of duty of three-tenths of a cent per square yard as being a fair compromise between the present duty retained and the large bulk of people who demand free bagging.

At one time, because certain people thought they might go into the manufacture of wide burlaps, which are used as a foundation for linoleum and oilcloth, they had an extra duty of 45 per cent placed on all goods above 60 inches in width. Inasmuch as this is imported almost entirely as a raw material for the manufacture of oilcloth and linoleum, and inasmuch as these goods are not made in this country, we recommend the rate of duty on burlaps apply to all widths, and that the phrase "not exceeding 60 inches in width" be stricken out. This will harm no one, except possibly some new theorist who may come before you during these hearings, and will give to the manufacturers goods at a much lower cost, which will enable them to supply this entire country with cheaper linoleum and oilcloth goods, will increase the consumption of these burlaps, and benefit a large industry without harming any existing industry in this country. This is earnestly desired by oilcloth and linoleum manufacturers, as I know. They will so state if asked to reply on this point.

Linen goods have paid since 1857 a duty of 24 per cent, 25 per cent, 30 per cent, 35 per cent, and 40 per cent. To-day they are paying a duty ranging from 35 per cent to 55 per cent and even 60 per cent. As the duty is a compound duty this does not always show quite clearly. There have been a number of companies started, some very large ones at Fall River, one-third of a century ago, which have gone out of the linen business, and into the larger and more profitable cotton trade. Among these may be cited the American Linen Company, of Fall River; Willimantic Linen Company, and Sprague Linen Company. Many others since that time have found the business too unprofitable to continue. There have been since the introduction of

the present tariff many failures, and the speaker has in mind at this time some seven concerns that are out of business, or practically out of business. The last linen schedule was made because certain large interests in New England (Boott Mills, of Lowell, Mass.) proposed to go into the linen business, but like most other projected concerns already referred to no serious effort after the law was passed was made to engage in the linen business, and the consumers of the United States have been paying a rate of duty some 15 per cent or 20 per cent too high, simply because certain theorists conceived the idea that they would like to go in the linen business, and made rather strong statements to induce Congress to pass a law which would make the business profitable for them.

At a moderate estimate \$16,000,000 in excess of a fair rate has been taken out of consumers during the life of the present tariff. The linen industry is not a large one, nor do statistics prove that it is a growing one. The imports for the year 1908 according to the Treasury statistics will probably figure out to be not over \$14,000,000 much less than in 1907, and less than in 1906. The increase in the consumption of linens has not kept pace with the increase in population nor the increase in trade in other branches. The tendency is to use more and more cotton goods. It is therefore not a large and growing industry, and it is not wise for any individual or corporation to embark in it. There is one concern in this country which manufactures roller toweling, which has manufactured roller toweling under various tariffs, and was able to stand up against lower duties before, and should be able to do so again. There are a few small concerns manufacturing products of cotton and linen, but they are of no moment whatever, as compared with the size of other industries, nor should they be considered to any great extent as compared with the consumer.

The high tariff, in other words, has been a burden on the consumer and has had no industry of any particular moment to protect on this side. A fair reduction in duty would enable many goods to come in which would enable the average household to have linen on its table instead of making linen goods so high through high tariff that this is impossible. Furthermore, a reduction in duty will reduce the cost of many articles in the way of linen paddings which go into the manufacture of ready-made clothing, and which is a raw material with the clothier. Lower prices would enable the clothier to turn out cheaper clothing to the masses in this country. We do not ask for any severe reductions.

Furthermore, we would suggest that the present wording and classification of the bill be allowed to stand. One of the serious burdens on business has been that each time the tariff bill has been changed it has taken about two years to fight out before the Board of Appraisers and the United States courts just what is meant by the bill and to determine accurately the classifications. This has been a great loss to the consumer and the importer, much money having gone to revenue lawyers, and has occasioned unnecessary loss and indecision on the part of the importer and domestic manufacturers as well.

Therefore we recommend that in Schedule J, at least, the original wording of the bill be preserved, and that the rates alone be changed. This will save all contests and all uncertainties and will relieve the

business community of one of the worst burdens entailed upon it by a tariff change.

We recommend a duty which shall be 35 per cent as the minimum duty for pure linen goods, and a compound duty which at times would run something above the minimum 35 per cent rate.

Inasmuch as there have been frequent clashes between the Government and importers on union goods composed of cotton and linen, we would suggest that all union goods having any linen in the composition pay a rate of 35 per cent.

This will all tend to simplicity, will relieve the Board of Appraisers of many thousands of cases, will protect the Government against the dishonest or sharp importer who might endeavor to take advantage of new classifications unfairly. I would say that in the case of my own firm, at one time we had something like fourteen hundred shipments which were up before the Board of Appraisers for adjustment because of complications of classifications, all of which have since been straightened out. Similar trouble will never clog the Government records on any new bill if the present nomenclature and classifications are retained.

Instead of the present rates in Schedule J, paragraphs 339, 341, 345, 346, and 347, we would respectfully propose the following alterations:

Paragraph 339: Laces, lace window curtains, tidies, pillow shams, bed sets, insertings, flouncings, and other lace articles, handkerchiefs, etc., from 60 per cent to 50 per cent.

Paragraph 341: Plain woven fabrics of single jute yarns, etc., from five-eighths cent per pound and 15 per cent to three-eighths cent per pound and 10 per cent. and from seven-eighths cent per pound and 15 per cent to five-eighths cent per pound and 10 per cent. The limitation of 60 inches of width to be eliminated.

Paragraph 345: Handkerchiefs, etc., from 50 per cent to 40 per cent. If hemstitched, etc., from 55 per cent to 45 per cent.

Paragraph 346: Woven fabrics, or articles not specially provided for in this act, composed of flax, hemp, ramie, etc., weighing $5\frac{1}{2}$ ounces or more per square yard, not more than 60 threads to the square inch, from $1\frac{3}{4}$ cents per square yard and 30 per cent to $1\frac{1}{2}$ cents per square yard and 15 per cent; not more than 120 threads to the square inch, from $2\frac{3}{4}$ cents per square yard and 30 per cent to $2\frac{1}{2}$ cents per square yard and 15 per cent; not more than 180 threads to the square inch, from 6 cents per square yard and 30 per cent to $4\frac{1}{2}$ cents per square yard and 15 per cent; more than 180 threads to the square inch, from 9 cents per square yard and 30 per cent to $7\frac{1}{2}$ cents per square yard and 15 per cent. The provision that none of the foregoing articles in this paragraph shall pay less rate of duty than 50 per cent shall be altered to 35 per cent.

Woven fabrics of flax, hemp, or ramie, including such as is known as "shirting cloth," weighing less than $4\frac{1}{2}$ ounces per square yard and counting more than 100 threads to the square inch, 35 per cent.

Paragraph 347: All manufactures of flax, hemp, or ramie, or other vegetable fiber, etc., not specially provided for, from 45 per cent to 35 per cent. Union goods composed of cotton and linen, 35 per cent.

HENRY DODGE COOPER,

** President Linen Association of New York.*

Representing 14 concerns in New York City.

DOLLS' WIGS.

AMERICAN MANUFACTURERS OF DOLLS ASK RELIEF FROM
ALLEGED EXCESSIVE DUTIES ON WOOLEN WIGS.NEW YORK, *December 1, 1908.*

HON. SERENO E. PAYNE,
Committee on Ways and Means,
Washington, D. C.

DEAR SIR: On behalf of the American Doll and Toy Manufacturing Company, I beg leave to present the following facts in connection with the present tariff schedules by which my client feels itself aggrieved.

Doll manufacturing in this country is, indeed, an "infant industry," there being practically no manufacturers of doll heads and dolls in the United States to-day, with the exception of my client. Nevertheless, we seek relief not in the raising of the duty on dolls, but in the reduction of the duties that affect doll parts.

The rate of duty on manufactures of wool is the heaviest burden to bear. Essential to doll manufacturing is the importation of doll wigs. These wigs are made of mohair or Angora wool, and are classified, in spite of all protests, as manufactures of wool. The duty, which is 55 per cent ad valorem and 44 cents per pound, is equivalent to 110 per cent ad valorem.

Finished dolls and doll heads are subject to 35 per cent. The need of paying for a necessary part or ingredient 110 per cent duty (when the finished product is subject to only 35 per cent), added to the difference between the cost of labor in Germany and in the United States, constitutes a burden which menaces the existence of the manufacturer and deters other capital from entering this field.

In this particular industry the following anomalous situation obtains: A complete china doll head with a fine mohair wig can be imported and sold in the United States for a smaller sum than the cost to import a similar doll wig alone, thanks to 110 per cent duty.

The desired relief suggests itself in three alternatives:

First. The putting on the free list of manufactures of wool, at least in those cases where the wool comes from animals not found in the United States; or

Second. The creation of a new classification entitled "Doll and toy parts;" or

Third. The adoption of a ruling which may be found to benefit various industries in addition to the one herein discussed, namely, a ruling to the effect that the duty on no article which is a part of a more comprehensive one, or of a finished product, shall in any case exceed the rate of duty of such larger object or finished product.

Trusting that the feeble voice of this infant industry, which can not afford to be personally represented before your honorable committee, will none the less be so fortunate as to receive some consideration, I beg leave to remain,

Very respectfully,

A. A. HOFFMANN.

EMBROIDERED LINENS.

**THE PARKES MACHINE COMPANY, BROOKLYN, N. Y., ASKS
HIGHER DUTY ON DOILIES, TABLECLOTHS, AND SIMILAR
PRODUCTS.**

BROOKLYN, N. Y., *December 4, 1908.*

To the MEMBERS OF THE WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: We are a new concern engaged in starting a new industry in the United States. We manufacture household articles, such as are mentioned in the following paragraph, which we suggest be inserted in Schedule J of the proposed new tariff:

Doilies, centerpieces, tablecloths, table mats, luncheon cloths, tray cloths, napkins, bedspreads, sheets, pillowcases, pillow shams, bureau scarfs, chiffonier covers, sideboard covers, sofa pillows, furniture covers, tidies, decorative or fancy household or hotel articles of any description, the basis of which is a fabric; any of these or similar articles which have been scalloped or embroidered by hand or machinery to any extent or for any purpose, along the edge or on the interior, in pursuance of a design or otherwise, or any of these or similar articles which have been hemstitched or otherwise stitched on the interior or on the edge in any manner or for any purpose, or from which threads have been drawn, or which have been cut or punched to produce openwork, or to which have been secured in any manner lace or trimming, or in which inserts of lace, netting, or other material have been made, or to which any material has been appliqued, 60 per cent ad valorem; provided, that any of the foregoing articles having a basic fabric partially or wholly of linen shall pay 80 per cent ad valorem.

Practically all of the foregoing articles having linen or linen and cotton as a basic fabric are imported, except the small quantity we manufacture. The trade at the present time demands that such basic fabric in the better class of these goods shall be linen. We manufacture such better class of goods, so it will be understood that our raw material is principally linen.

This raw material we at the present time convert into these household articles by means of machine embroidery. For example, if a 24-inch round doilie or centerpiece is to be made, we take a piece of linen of suitable size, embroider on it a scalloped or other design round figure 24 inches in diameter, and along the edge of this embroidered figure buttonhole or binding stitches are made. To the end that the threads of the fabric may run fully to the outer edge of the embroidery and the edge be thereby made more secure, and for other reasons, the material usually extends beyond the embroidered figure, and is cut away along the edge of such figure after the embroidering of the piece is finished. If a square napkin or tablecloth is to be made, a square figure is embroidered and finished in the same way the round piece is finished. The cutting away of the fabric outside of the embroidery is done by hand, both in hand and machine embroidery of this character.

The inventing of machinery for doing this class of embroidery is of recent date. We have machines for doing it, and our competitors, the foreign manufacturers, also have machinery for doing it. But even with machines the labor cost of converting the piece of fabric into the finished article is a large part of the cost of the article.

Large manufacturers of linen manufacture these household articles either by hand or by machinery, and it is from some of these manufacturers that we have to import our raw material. This raw material pays a duty of from 35 per cent to 60 per cent ad valorem, while these fancy household articles pay a duty of only 60 per cent.

The foreign manufacturer has the advantage of being a manufacturer of the principal raw material used in the making of these goods, and he also has the advantage of peasant and other cheap labor which is used in such manufacture. Furthermore, in the making of the smaller pieces, such as doilies and centerpieces, which is the larger part of the business, he uses his odds and ends and his pieces of linen that have been damaged in places.

These and other things constitute the main reasons why the present duty of 60 per cent on these articles is not high enough to enable the American manufacturer to compete successfully with the foreign manufacturer.

It may be asked how we manage to compete with the foreign manufacturers under these adverse conditions? In answer to this it is noted that we exist by doing better and more expensive work, and making special designs, and that by doing this we get a select trade, which is a very small percentage of the total business. But the foreign manufacturers are improving, they are imitating our work, and one of them at least has boasted that they were going to drive us out of the business.

We started in this business in 1904, have quite a large amount of capital invested, but have not been able to pay any dividends. If we get suitable protection, so we can afford to make these goods in quantity, we think we can establish a large home industry; that, with a tariff favorable enough, others will start in this business; that the use of these goods will be very largely increased; and that it will result in the consumer eventually getting these household articles at a lower figure than they can get them now. And we also think it will produce an increased revenue for the Government, because it will increase the use of linen, all of which is imported, and all of which pays a high rate of duty.

We favor a specific duty, where it is practical, and if it can be shown or we can think of a practical way of placing a specific duty on the goods we are manufacturing or that we propose to manufacture we will send in additional suggestions outlining such specific duties.

Respectfully submitted.

PARKES MACHINE COMPANY,
Per W. N. PARKES,
General Superintendent.

FLAX.

SIDNEY S. BOYCE, YALE, MICH., URGES THE CONTINUED PROTECTION OF THE FLAX INDUSTRY.

YALE, MICH., *November 25, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: It has just come to my notice that the Linen Thread Company, of New York, the stock of which is very largely owned in Great Britain, is proposing to ask for the removal of the duties upon "scutched" or raw flax. This is to be asked upon the plea that there is no flax grown in this country. This, with the fact that the examiners at the custom-houses do not know the difference between "scutched" and "hackled" or "dressed" and "undressed" flax, will cause all flax to come in free. It is a very well-known fact that a very large part of the "hackled" flax now imported comes in as "scutched" flax, thus saving 2 cents per pound in the duty.

Flax culture has just become thoroughly established in this country. Over six thousand tons were grown in the State of Michigan alone for fiber last year. This flax was equally fine and spinable with any grown in Europe. To fully determine the matter of growing flax the late Senator McMillan had some tons of Michigan flax sent to Ireland and spun and woven into fine linens, where the flax was pronounced equal to flax grown upon the Continent of Europe.

Every State in the Union can grow flax if there is a demand for it. The millions of tons of flax annually burned in the Northwest would be changed to the production of flax for the fiber as well as for the seed, were there fine linen mills to consume it.

Contrary to what the policy of levying duties should be, the duty upon coarse linens is higher than upon fine linens. Coarse linens are consumed by the poor people, while fine linens are one of the textile luxuries of those able to pay for them. The amount of labor is more than double in the making of fine linens. The duties should be equal with those upon other fine textiles.

The cost of producing flax is very much greater in the United States than in Europe, where wages of men are but 35 cents a day, against \$1.50 to \$2 here. There are nine large mills at Dunfermline Scotland, weaving linens from yarns imported from the continent of Europe, 60 per cent of which are shipped directly to the United States. The wages of the women weavers are from \$3 per week up.

The amount of flax grown in the United States for fiber is doubling each five years, and were there mills to consume it the culture would more than double each year.

There is a necessity for mills making fine linens. A few mills now make threads and twines, some two or three spin and weave coarse crashes, while over one hundred establishments use imported yarns in various ways, mostly as coarse union crashes.

The flax, hemp, and linen industry is uneven in character and condition. Every variety of character of fiber should be consumed. The cost is too great to allow of its export. In growing flax in all coun-

tries, there is of necessity different character of soils; some seasons are cold and wet, others hot and dry, there are imperfectly prepared fibers, some coarse, others fine, but each adapted to the production of the different kinds of goods. The coarse and fine machinery should be here. This is an industry which the people have the same right to engage in as the producers of woollens, cottons, or any other textiles. A diversity of production, the presence of a linen industry giving employment to labor, to the farmer, to the growers of farm and garden produce, to the machinists, and to transportation at home, instead of employing foreign nations to make the almost one hundred millions of goods for us.

The are seven flax mills with capital of \$7,000 to \$10,000, and farmers with over 50,000 acres engaged in growing flax in this State alone.

Very truly,

SIDNEY SMITH BOYCE.

HEMP.

THE INTERNATIONAL CHAMBER OF COMMERCE, ALBAY, P. I., PETITIONS FOR THE REMOVAL OF THE DUTY ON PHILIPPINE HEMP.

WASHINGTON, *December 8, 1908.*

The CHAIRMAN, COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIR: I have the honor to transmit herewith a memorial of the International Chamber of Commerce, of the province of Albay, P. I., to the Congress of the United States, praying that the present duty on hemp exported from the Philippine Islands be removed.

This memorial was brought to the War Department by the Hon. Charles A. Reynolds, late governor of the province of Albay, P. I., with the request that it be forwarded.

Very respectfully,

LUKE E. WRIGHT,
Secretary of War.

LEGASPI, P. I., *March 5, 1908.*

Whereas by an act of the Philippine Commission No. 230 and passed September 17, 1901, by authority of General Orders, No. 49, office of the military governor of the Philippine Islands, dated October 26, 1899, and by the terms of article 13 of said act an export tax of 75 cents per 100 kilograms is levied and collected upon all abaca or hemp exported from the Philippine Islands; and

Whereas this export tax, collected upon all shipments of hemp to the United States, when the same shall be there used for the manufacture of finished products or otherwise there consumed, is refunded to the exporter residing in the Philippine Islands, and the same becomes his gain and profit at the cost and loss of the producer; and

Whereas buyers of hemp in the provinces invariably, because they must, as wise business men discounting the probable future, fix the price to be paid therefor with the prospect of paying the said export tax thereon, thus constructively collecting it from the producer upon the initial sale of his crop as it first passes from his hands; and

Whereas this export tax equals the sum of 46 $\frac{1}{2}$ cents per picul, or 93 $\frac{1}{2}$ cents per bale, or as expressed in the currency of the Philippine Islands, ₱0.93 $\frac{1}{2}$ per picul, or ₱1.87 per bale, and is charged against and taken from the farmer as a penalty for his industry and achievements in soil culture; and in the case of shipment to the United States for consumption there the said export tax amounting to the sums aforesaid upon each picul and each bale of hemp is returned to and placed into the pockets of the Manila middleman, and at the same time the manufacturer and the consumer in the United States is in no sense the beneficiary by reason of this regulation: Therefore be it

Resolved by the International Chamber of Commerce, of the province of Albay, That the Congress of the United States be, and is hereby, memorialized to remove said export tax which ruinously discriminates against the hemp farmer in the manner and to the extent aforesaid, the same being especially burdensome as well as obnoxious to him at this time when hemp is bringing at least 50 per cent less than it brought on the date and in the period of the enactment of said act No. 230, by the Philippine Commission; and be it further

Resolved, That the Hon. Charles A. Reynolds, retiring governor of the province of Albay, and president of said International Chamber of Commerce, of the province of Albay, who soon will return to the United States, be and he is requested and instructed to present to the proper committees of the Senate and House of Representatives of the Congress of the United States the representations herein contained, together with such other data touching the subject as he may care to prepare, and insist upon the relief so much needed and in good conscience demanded in behalf of the languishing of the most important agricultural industry of the entire archipelago.

A true copy.

LEONARD S. GODDARD, *President.*
LUIS PALOMAR PALDOVI, *Secretary.*

LINEN COLLARS AND CUFFS.

THE COLLAR, CUFF, AND SHIRT MANUFACTURERS OF TROY, N. Y., FILE A SUPPLEMENTAL STATEMENT.

TROY, N. Y., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned, representing the collar, cuff, and shirt manufacturers of Troy and vicinity, respectfully urge that in your report upon the subject of tariff revision you will take the position that the regulations prescribed in the present law as affecting the subject of the manufacture of collars, cuffs, and shirts, as well as the products entering into that industry, should remain unchanged.

In support of that position we earnestly urge for your information and consideration the following facts and reasons, viz:

The merchandise and product in relation to which this application is made are collars, cuffs, and shirts, made either in whole or in part with linen and cotton cloth.

The paragraph of the present law which we understand affects this industry is section 338 of Schedule J. [Copy attached.]

The collar and cuff industry originated in Troy in 1833, and in seventy-five years it has grown steadily until it has become the chief resource upon which the prosperity of the community of Troy and vicinity depends, affording employment and the sole means of livelihood to a large proportion of the working population of the city, as well as to large numbers in the adjacent neighborhoods.

In 1886 an unfortunate local agitation and strike created a scarcity of goods. It was then first discovered that German goods could profitably be imported. They were followed by the lower grades of English manufacture.

The importation of these foreign goods increased to the detriment of our manufacturers, until checked somewhat by the act of 1897, during which time the manufacturers of England, Germany, and Austria disposed of large quantities of goods in this country, but since 1897 the imports of collars, cuffs, and shirts have not increased.

Prior to 1897 it had been discovered that the influx of collars from abroad restricted home production, and that foreign goods were offered for export to the United States at less price than they were sold in their own market, and experience had shown that the rate of protection then afforded was inadequate. For that reason relief was provided in the Dingley bill. It is a fact, however, that European cheap labor still permits competition here, notwithstanding the protection now afforded, as the present tariff law is not prohibitive.

Over nine-tenths of the collars and cuffs made in this country are produced from the factories of the thirty manufacturers of Troy.

The making of shirts is a considerable portion of the business of Troy manufacturers, but it is a more widely scattered industry. There are shirt factories in most of the principal cities of the United States, fully 700 in number, and if the lessening of duties will result in hardship to the Troy enterprise, some hardship at least will fall likewise in every State in the Union.

These are the latest and best statistics obtainable with respect to the Troy collar, cuff, and shirt business: Number of employees, 30,356; average weekly wages, \$8.47.

Ninety per cent of the employees are females, and fully one-half of the work is done in the homes of the families of the city of Troy and surrounding country.

It is the only manufacturing industry in this district which gives employment to a large number of women and is unquestionably the best paid employment for women in this part of our State.

The people of Troy and vicinity depend largely upon this industry for their support—at least 30 per cent directly and 50 per cent indirectly.

This enterprise, which is thus the life of this locality, is not a huge industrial combination. There is no trade-selling agreement, combination, or trust in any form existing among the manufacturers for controlling or restricting trade. Each manufacturer operates independently, and consequently there is a spirited and keen competition, the effect of which is to promote the interests not only of employer and employed but to give the consumer a direct and positive advantage.

The average weekly wages received by the employees of the Troy collar and shirt factories were reported in 1893 to range between \$7.89 and \$8, but we find on investigating the subject that those reports were based upon the returns from one or two very high-class factories, and that, as a matter of fact, if all classes of Troy shirt and collar factories had been taken into account the rate would have been lower; and, with proper allowance for the difference in the hours of work, \$7.50 is believed to be a reliable figure for the average wages paid in 1893.

The wage calculations made at this time have been very carefully prepared and are not estimates. They show that the average weekly wage for the year 1907 was \$8.47. This is an increase of 13 per cent to employees during that time.

The amount dispensed in this district for wages for the collar, cuff, and shirt industry for the year 1893 was \$4,380,000 and for the year 1907 they were over three times that amount.

Statistics show, as a result of the individual competition which prevails, that from year to year the percentage of cost to the consumer has decreased and the average price of the production has been reduced, while the wages of the laborers have increased.

The average price of collars to consumers in 1893 was 15½ cents; the average price to consumers in 1907, 11½ cents, a decrease in the cost to the consumers of over 25 per cent, notwithstanding the fact that over 75 per cent of the collars sold now contain nearly twice as much material as they did in 1893, due to the increasing popularity of the wide folded collar. Moreover, a more sightly and more durable collar is furnished to-day for the price than was supplied ten years ago.

Your attention is respectfully directed to the schedule of rates and importations under them since 1893, copies of which are attached to this brief.

A study of these statements shows that until the enactment of the Dingley tariff imports increased yearly, and that under that act they have not been excluded, but reduced to only a reasonable amount.

We also beg to remind you that materials out of which shirts, collars, and cuffs are made cost, we believe, from 15 to 30 per cent more in our country than they do in foreign countries. This increase in cost of materials should be given proper consideration in fixing the duties on shirts, collars, and cuffs.

The protection given to shirts and collars by the tariff laws, covering a period of more than a quarter of a century, has made it possible for a large body of skilled help to grow up in this industry, so that now the manufacturers are able to produce the most excellent goods of every kind.

These skilled operators usually have steady employment and receive fair living wages. They are intelligent, hard-working, self-respecting, and thrifty.

Any change or modification of the present regulation will not only prejudice but destroy these prevailing conditions, and the calamity will fall with crushing effect, first, on these wage-earners, and second, upon the entire community of which they form a part.

A reduced duty will invite the introduction of shirts, collars, and cuffs from Germany, Austria, England, and Japan. From all of these places extensive competition will enter, the effect of which will be to reduce the volume of home business by introducing foreign-made goods at prices which will displace the home product.

Any attempt to meet this competition would result in a radical and abrupt readjustment by reduction of wages of employees here, the precipitation of strikes, and the great loss incident thereto, and to necessarily forced sales pending such readjustment and reduction, with the added embarrassment that the market would be divided.

The imposition of a purely ad valorem duty would be of no avail, because, for one reason, experience shows that the foreigner invoices his goods for export at less price than he sells in his own market. The method which he employs enables him to evade custom-house rulings and permits his import at an undervaluation, for he employs an agent, or a branch house, and sells his goods direct from his factory to the American trade, invoicing his goods at cost instead of the foreign selling prices.

The average wage of the foreign workman is \$2.14 to \$2.42 per week. [See report attached, Wages in Wurtemberg, Germany.]

The average price paid here is \$8.47.

Thus it will appear that if the tariff is removed entirely American labor must be reduced 74 per cent, and if only partially removed it must be reduced in like proportion. Thus the foreigner has 74 per cent of advantage of the American manufacturer on the item of help alone.

This can not be counterbalanced by the skill and efficiency of American labor, because the persons employed in the labor of making the foreign collars use the same machinery as the American, and the women of Germany and Japan are especially noted for their skill in this work.

The American manufacturer can not meet the low cost of foreign production. The greater cost of living in this country is one of the chief reasons.

The countries which would overwhelm us are Germany, Austria, England, France, and Japan, in each of which cheap labor prevails, and goods of equal excellence with ours are made and sold at prices cheaper than they can be made here.

Moreover, there are other considerations which operate to give the foreigner an unfair advantage.

The so-called child-labor laws—laws which prevent the employment of children under 16—the factory act, and the employers' liability act; all the laws regulating the hours of labor of women and minors which are in force in the State of New York, although they are good and wholesome in themselves, and desirable, nevertheless all operate against our home workers when in competition with foreign labor.

WAGES IN WURTEMBERG, GERMANY.

According to a German factory-inspection report (*Jahresberichte der Gewerbe-Aufsichtsbeamten und Bergbehörden*, 1903) the following wages were paid to women employed in the linen and cotton wash-goods industry in Wurtemberg: Time wage-workers, 3½ cents per hour, or \$2.14 per week of fifty-seven hours; piece wage-workers, 4½ cents per hour, or \$2.42 per week of fifty-seven hours.

Since 1897 the hours of labor have been reduced from fifty-nine to fifty-six hours per week.

There is a sentimental value attached to the word "imported" in the mind of the average citizen which inclines him to ascribe to the

article thus labeled a value and desirability which he does not ascribe to a like article of domestic production, and, other things being equal, often without further inquiry or examination he gives a preference and makes the purchase of the article bearing that label, and this in itself, while it should not be, yet nevertheless is a great obstacle and hindrance to the sale of the domestic article and causes an unfair advantage and discrimination against which our home manufacturer should be protected.

It may not be necessary, but it should be noted by your honorable committee that the manufacturers of collars, cuffs, and shirts are not of that class who have become multimillionaires by reason of the immense profits which they have acquired because of the protection afforded by the tariff laws. They are engaged as individuals or corporations and conduct and carry on their various businesses separately and distinct, without any mutual organization or cooperation affecting the conditions of trade either among themselves or with the public. They are thirty in number, with a capital investment ranging all the way from \$6,000 upward, only five of the number employing capital in excess of a million dollars.

It is not a fact that the Troy collar, cuff, and shirt manufacturers have made immense fortunes; as a rule, after twenty or fifty years of hard work a few of them have made a fair competence, but, speaking generally, the keen domestic competition of the past few years has resulted in very small profits, and the individuals, as a result, have succeeded in making not more than a fair living, and some concerns have been forced out of business. The majority of the manufacturers in this district, if foreign competition is allowed, will be driven into insolvency, while the larger concerns will be compelled to abandon business or operate factories in foreign countries.

But it perhaps may be said that by opening the doors to the foreign manufacturer the interest of the consumer is advanced. The attempt has already been made in this paper to show that the result of competition at home has been effective with respect to the consumer. It is confidently asserted that if the door is opened to the foreigner the consumer will reap no advantage by the methods of importing which prevail. The foreigner will get his production into the hands of the dealer. The latter will not be controlled by tariff laws and regulation in fixing his prices, and consequently the dealer and not the consumer will reap the profits.

Collars are sold in regular brands and at standard and fixed prices according to value, ranging, e. g., 3 collars for 25 cents, or 10 cents each; 2 collars for 25 cents, or 15 cents each; 3 collars for 50 cents, or 20 cents each; 1 collar for 25 cents; or at popular prices of 10, 15, 20, and 25 cents, respectively. Consequently the dealer will continue to sell at those customary prices, reaping the increase himself.

Only by a large reduction of duty will the prices of collars, cuffs, and shirts be lessened to the people of this country, and such a reduction would mean a large decrease in wages of all employees.

In the Dingley tariff bill is found a splendid illustration of the wisdom and benefits of the protective-tariff policy of the Republican party—a large decrease in the cost of collars and cuffs and an increase in wages to workers.

Further, it is most respectfully urged that the question here involved is not one in which the revision of the tariff should be used "to lessen the contrast between the new cult of multimillionaires and the laborers," as phrased recently by Mr. Carnegie, but that it rather comes within that class which Senator Gorman had in mind when he said that he wanted no reduction of duties unless he was assured that they could be made without injuring American industries.

This petition is put upon the broad ground that with respect to this particular industry, under the circumstances and conditions which surround and characterize it, the rights of the consumer are fully conserved by present conditions, and that any change by way of modification or reduction would threaten and likely destroy the earning opportunities of many deserving and worthy workers, upon whom it would bring distress and suffering, sorely cripple, and perhaps destroy, an important home industry, and seriously check, if it did not absolutely ruin, the prosperity of a busy and thriving community.

All that the Troy collar, cuff, and shirt manufacturers demand is a tariff which will protect them against cheap foreign labor, differences in cost of material, the sentimental value attached to the word "imported," and give them a "reasonable" profit, and that protection we believe to be expressed in the Dingley bill.

Finally, your petitioners earnestly request that in case it shall be found that a change is contemplated that an opportunity will be given for them to offer and present proof substantiating the several propositions herein set forth.

All of which is respectfully submitted.

J. K. P. PINE,
ALTU M. ME,
JAS. M. SNYDER,
F. F. PEABODY,
Committee.

EXHIBIT A.

Importations.

Year ending—	Cotton collars.	Linen collars.	Remarks.
	<i>Dozens.</i>	<i>Dozens.</i>	
June 30, 1892.....	1,484	78,327	McKinley bill, 1890, cotton collars and cuffs, 15 cents dozen specific duty, 35 per cent ad valorem duty. Linen collars, 30 cents dozen specific duty, 40 per cent ad valorem duty.
June 30, 1893.....	929	89,137	
June 30, 1894.....	2,525	83,678	Wilson bill, 1893, collars, cuffs, and shirts, 35 per cent ad valorem duty.
June 30, 1894-Aug. 28, 1894.....	360	10,802	
Aug. 28, 1894-June 30, 1895.....	23,056	100,332	
June 30, 1896.....	15,889	107,849	
June 30, 1897.....	4,164	97,575	
June 30, 1898.....	20,537	66,839	Dingley bill, 1897, cotton collars and cuffs, 45 cents per dozen specific duty, 15 per cent ad valorem duty. Linen collars and cuffs, 40 cents per dozen specific duty, 20 per cent ad valorem duty.
June 30, 1899.....	15,036	55,447	
June 30, 1900.....	1,382	48,279	
June 30, 1901.....	329	44,230	
June 30, 1902.....	948	42,003	
June 30, 1903.....	1,493	43,967	
June 30, 1904.....	377	34,075	
June 30, 1905.....	622	35,444	
June 30, 1906.....	696	35,947	
June 30, 1907.....	1,074	38,470	
June 30, 1908.....	1,420	38,444	

LINENS.

**ADOLPH SIMON, BALTIMORE, MD., ASKS A DECREASE OF DUTIES
ON LINEN FABRICS.**

BALTIMORE, November 14, 1908.

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Permit me, as a merchant, tortured with calculations of the duties on linens under our present tariff, to put in my plea. I have recently spent four hours calculating an invoice of linens from Scotland, it only costing \$579 in Scotland, on which was paid \$303 for duties—53 per cent.

The object of the Dingley tariff being protection of our home manufacturers, with incidental revenue, it follows that any class of manufactured productions that are not, or can not, owing to natural causes, be produced in the United States at a paying price, that such articles should not have a duty placed on them in our tariff law, as there does not exist any struggling manufacturer to protect, nor are said duties even needed for revenue—the Government of the United States having a large surplus income.

The intelligent dealer in linen fabrics knows that, excepting an article of coarse grade of unbleached crash made by a Mr. Stevens, of New England, and some half-cotton linen towels, there are not any linens manufactured in the United States; not any table damask, either bleached or unbleached; not any linen damask napkins; not any shirting linen; not any pillow-case linen or linen sheeting; not any towelings, such as "diaper" or "huckaback;" not any of the medium and better qualities of linen towels; not any linen "Holland," dowlas, or linen drills; not any linen furniture covering; not any linen cambric in its many varieties; nor any other kinds of linen fabrics that consumers need, outside of the two exceptions mentioned—not any of these are made in the United States.

It is asked, why? Costly experiments have been made that resulted in loss and failure—notably in a Western State, where several hundred thousand dollars were sunk in the experiment to manufacture some of the linens mentioned—and why? Simply because the climate of this country has that effect on the flax plant, out of the fibers of which linen threads are made, to cause the plant to develop too quickly, so that the stalk of flax does not mature in a way to produce a strong enough fiber of sufficient length to enable the spinner to twist the fibers into a thread. Thus it is impossible to grow flax in the United States that will produce a practical fiber for use in textile fabrics—the climate will not allow it. The producer who raises flax in the United States gets a fine and paying crop of flaxseed, but when he tries to utilize the fiber he will find it so brittle that when manipulated as flax fiber should be, it breaks up into pieces that are so short and stiff that they can not be made into a twisted thread, which is the foundation of all textile fabrics. Thus all those who have attempted to weave the medium and finer grades of linen textures in the United States have found, by costly experience, that the business did not pay—why? Because they had to import their linen yarns saddled with a high rate of duty. Flax, to develop a fiber that can be twisted into a thread, must be grown in a moderate-

moist and cool climate, such as that of Ireland, north of Germany, and parts of Russia, particularly in the neighborhood of the Caspian Sea. Large quantities of American flax have been sent to Ireland to be there properly prepared, by soaking some three weeks in water, and after being manipulated the same way as European flax, with the strictest attention, so that after being put through all the usual processes, this American flax, when dried, proved to have a fiber so brittle that it could not be twisted into a thread suitable for use in making a linen cloth of the better qualities.

Now, what do the duties of 50 per cent and more that are levied in the Dingley tariff on linen goods protect? Who are the United States' manufacturers whose profits are protected? The answer is, there are none, excepting the manufacturers of linen collars, cuffs, and shirt fronts at and in the neighborhood of Troy, N. Y., who understood how to induce the congressional committee that compiled the Dingley tariff to allow the old duty of 35 per cent to remain on plain bleached shirting linen.

As the income of the United States Government produces a large surplus, it surely ought to be apparent that for the sake of revenue the old duty of 35 per cent on all linens is fully sufficient.

The least that honorable men can do, having the welfare of their fellow-citizens to care for, desiring "the greatest good to the greatest number," when legislating on tariff duties, is to restore the old duty of 35 per cent on all linens and repeal the duties on linens of 2½ cents per square yard and 30 per cent; 6 cents per square yard and 30 per cent; 9 cents per square yard and 30 per cent; all making 50 per cent and more, as well as the other similar rates of duty on linen goods.

If you can see your way to accomplish this consummation, based on something like the argument here presented, you will confer a blessing on many of your fellow-citizens—the consumer being the most benefited—as well as

Yours, truly,

ADOLPH SIMON,
President of the Chas. Simon's Sons Co.

**RICHARD H. EWART, NEW YORK CITY, WRITES RELATIVE TO
DIFFICULTY OF ACCURATELY APPRAISING LINENS.**

NEW YORK, *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I respectfully ask your honorable committee to recommend a reduction in the rate of duty on linens, or manufactures of flax, hemp, and jute, under Schedule J, for the following reasons:

All attempts to develop the manufacturing of linens in this and other countries in which it has not been a traditional employment have failed, partly owing to climatic conditions as well as other technical difficulties in manufacturing, although high protection has been and is afforded to those who made the attempt to manufacture them. The present law provides, by a combination duty of specific and ad valorem, for a protection of 35 per cent as a minimum, and almost 75 per cent on some qualities.

For many years the impossibility of manufacturing linens was recognized by the lawmakers and experts in textile manufacturing, and for that reason a low rate of duty (as low as 24 to 25 per cent) was assessed, so as to give the consumer the benefit of cheap linens, and no manufacturing interest was wronged by that moderate rate.

In 1846 the rate was 30 per cent ad valorem; in 1857 the rate was 24 per cent ad valorem; in 1861 the rate was 25 to 30 per cent ad valorem; in 1864 the rate (as a war measure) was 35 to 40 per cent ad valorem, with the distinct understanding that it would be again reduced when the needs of the Government, after the war, became less pressing. In 1870 the rate was 35 per cent ad valorem, and under the highest tariff, known as "the McKinley," some 75 to 80 per cent of my importations were subjected to a duty of 35 per cent ad valorem, and, possibly, 20 to 25 per cent of my importations paid a maximum rate of 50 per cent.

When Mr. Dingley spoke in favor of an advance in duty, he emphatically stated he would not approve of or suggest any such increase as to bring rates up again to the level of the McKinley tariff; but by a combination of the ad valorem and specific duties the duty was advanced far beyond that of the McKinley tariff, so that goods are now being subjected to a minimum charge of 35 per cent and on some goods the rate is from 58 to 67½ per cent ad valorem, and certain qualities have been excluded from the market by the excessive rate of duty, which would have exceeded 80 per cent ad valorem. This advance caused great injury to the trade and brought sorrow and needless loss to the consumer, who had either to pay a large advance for such linens as had formerly been purchased, or accept an inferior and less serviceable quality. The alleged reason for making this enormous advance in the rate of duty was said to be with a view to encourage manufacturing of linens; but it has failed, and nothing important is made in this country except low qualities, chiefly crashes, such as were made thirty to fifty years ago. Machinery which was started on linen goods has been put on cottons, and in some instances has been stopped, after those who were engaged in the business enterprise decided to stop their losses.

I have been importing linens into New York for over thirty-nine years, and I honestly believe a decided reduction in duty is desirable, in the interest of the consumer, as well as that of the importer, and I respectfully ask that the rates be reduced to the figures named by the representatives of the Linen Trade Association, who are to appear before you on November 30 (although these rates would still be much higher than those formerly collected), as follows:

Linens weighing over 4½ ounces per square yard and counting under 60 threads, 15 per cent ad valorem and 1½ cents per square yard; over 60 and under 120 threads, 15 per cent ad valorem and 2½ cents per square yard; over 120 and under 180 threads, 15 per cent ad valorem and 4½ cents per square yard; over 180 threads, 15 per cent ad valorem and 7½ cents per square yard.

Minimum of 35 per cent.

Linens weighing under 4½ ounces per square yard and counting over 100 threads per square inch. 35 per cent; handkerchiefs, plain, hemmed, or hemstitched. 40 per cent; embroidered or initialed, 50

per cent; linens or unions, embroidered or scalloped, 50 per cent; union goods, made from cotton and linen, 35 per cent.

I would also urge the elimination of clause, or change of clause, in the customs administrative act, section 7, which debars any importer, other than an actual purchaser, from the right to advance his invoice in order to accord with changes in the market value (which right has always been granted to an actual purchaser), as the discrimination causes great injustice to honest importers.

And I would further point out that the provision which inflicts a penalty when any advance in duty is made by the appraiser is unreasonable. Linens are very difficult to appraise accurately, and in the finer qualities there may really be a difference of opinion to the extent of 5 or 8 per cent among honest-minded experts. So it is a great hardship that any honest importer should be subjected to a penalty on the present basis, and I believe it is very wrong that importations from any one country, notably Germany, should be exempt or have any special favor shown them. So I would respectfully urge upon the committee the necessity for giving the importer an opportunity to adjust or advance to market value his invoice when the market conditions require it. I do not believe this would be an injurious thing for the Government to do or afford the honest importer any right or privilege to which he is not entitled, and such as he receives in other countries.

Yours, faithfully,

RICHARD H. EWART.

LINEN THREAD AND YARN.

THE ROCHESTER THREAD COMPANY, ROCHESTER, N. Y., ASKS A REDUCTION OF DUTIES ON THESE GOODS.

ROCHESTER, N. Y., *November —, 1908.*

We herewith submit to your committee our argument in favor of a reduction in the tariff on linen thread and yarn.

At present 80 per cent of the entire trade is controlled by the Linen Thread Company, 15 per cent by two independent mills, and about 5 per cent by the importers.

Herewith we give you a note of the sizes most in use in the shoe trade:

	Cost in Ireland.	Cost in United States.	Specific tariff.	Selling at per pound.
No. 1, 14 yarn.....per pound...	\$0.40	\$0.47	\$0.19	\$0.80, less 5 and 6 per cent, 10 days.
No. 2, 19 yarn.....do.....	.43	.53	.23	\$1, less 5 and 6 per cent, 10 days.
No. 3, 19 yarn.....do.....	.48	.58	.23	\$1.10, less 5 and 6 per cent, 10 days.
No. 4, 21 yarn.....do.....	.53	.64	.25	\$1.20, less 5 and 6 per cent, 10 days.

It must be borne in mind that the figures given as cost in the United States include 10 per cent mill profit. These are the figures at which goods are billed by the various mills in the combination to the selling agents—The Linen Thread Company, New York City—so that the actual difference in the cost of production in Ireland and the United States is not over 6 cents per pound, despite the great differ-

ence in wages. Production in the United States is considerably greater per hand than it is on the other side. To recapitulate, thread costing the Linen Thread Company 47 cents sells at 71 cents net per pound; thread costing the Linen Thread Company 53 cents sells at 90 cents net per pound; thread costing the Linen Thread Company 58 cents sells at 98 cents per pound, and thread costing the Linen Thread Company 64 cents sells at \$1.08 net per pound. The selling figures can be easily verified by applying to any shoe factory, and the price lists which we attach to these sheets will show that all the mills in the combination quote the same figures, which are open and above-board and known by all the trade.

As for the cost prices, we suggest that your honorable committee call for the cost clerk of the Linen Thread Company, and after putting him on oath we think it will be found that the prices to-day quoted vary very little from the figures we have given.

We attach to this an invoice we received from a British manufacturer, dated October 26, amounting to £108, or \$520. Also, we attach the customs receipt which, as you will see, cost us \$259.71, or almost 50 per cent on the total amount of the bill.

The present tariff enables the combination practically to control the trade of the United States, and it also puts them in a position to shut out entirely, if they cared to do so, the foreign manufacturers by a slight reduction in their present selling prices. There have been three advances in linen thread in the last two years. The brand which now sells at \$1.20 per pound used to sell at \$1.10 less 5 per cent, and 5 per cent and 5 per cent, thirty days. One of these discounts was eliminated; the price list was then advanced to \$1.15, and in May, 1907, to \$1.20 less 5 per cent, and 5 per cent, thirty days. All the other brands have had a corresponding advance, and we argue that these advances were entirely uncalled for by any rise in raw material or advances in wages. The combination consists of the following mills: William Barbour & Sons, Lisburn, Ireland; Barbour's Flax Spinning Company, Paterson, N. J.; Finlayson, Bousfield & Co., Johnstone, Scotland; Finlayson's Flax Spinning Company, Grafton, Mass.; Dunbar, McMaster & Co., Gilford, Ireland; Dunbarton Flax Spinning Company, Greenwich, N. Y.; W. K. Knox Kilbirne, Scotland; Marshall & Co., Newark, N. J.; F. W. Hayes & Co., Banbridge, Ireland; Boston Thread and Twine Company, Boston, Mass.; Allentown Spinning Company, Allentown, Pa. The production of all these mills is sold in the United States only through the Linen Thread Company, of New York City. We assert that this is one of the largest combinations in the United States, and that the tariff enables them to do as they please with regard to prices.

As the case stands at present it is impossible to import 14-lea thread and sell at a profit, and the margin on 19 lea and 21 lea is so close that a reduction in price on this side by the Linen Thread Company would wipe out the importers entirely.

Instead of the present tariff, which begins, "13 cents per pound on 5 lea and an advance of three-fourths cent per pound for every lea additional," we suggest two alternative plans to your committee.

Plan No. 1.—Let the present tariff of 13 cents on 5 lea remain, and instead of the additional tax of three-fourths cent for each lea over, let this be one-fourth cent. This would bring 14 lea to 15½ cents, instead of \$0.19¼ per pound, as at present, and 19 lea to \$0.16½, instead

of \$0.23½, as in the Dingley tariff. This would give a protection on 19 lea equivalent to 33 per cent on the cost in Great Britain, and we have shown that the difference between the cost of manufacturing on this side and in Ireland is less than 10 per cent.

Plan No. 2.—Make the present tariff on 5 lea \$0.03 per pound, instead of \$0.13, and advance after it the present price of three-fourths cent for each additional lea. This would make the tariff on 14 lea \$0.09½, instead of \$0.19½, and on 19 lea \$0.13½, instead of \$0.23½. This would give a protection of over 25 per cent on the cost in Ireland and would be more than ample to protect American manufacture.

This latter plan would practically mean a reduction of \$0.10 per pound on the present tariff, which, we think, is not too much to ask.

To show that the Linen Thread Company occupy a very strong position, we may say that in the past five years they have compelled the various manufacturers of fish nets to become a part and parcel of the Linen Thread Company. Fishermen on this side have generally demanded nets made out of Knox's thread, and the Linen Thread Company, which controls this thread, has been able to use this as a club over the heads of the netmakers refusing to supply Knox thread to anyone outside the combination. Several of the netmakers here went against this for a time, notably the Starer Net and Twine Company, of East Hampton, Conn., and the H. G. & W. Lord Company, of Boston, Mass., but they have finally had to succumb.

We submit that a combination controlling the output of various foreign and American mills is not in need of a tariff which is almost prohibitive. It is a fact that the Linen Thread Company owns stock in the largest linen thread mill in this country, which is supposed to be independent and which is not actually a part of the combination.

Since the formation of the combination a great many economies have been put into effect, notably in the cost of manufacturing as well as in selling expenses. One mill which, while independent, used to make \$400,000 worth of thread per annum and now makes \$600,000, and another which made \$250,000 now makes \$400,000, an increased turn off of about 50 per cent, and this without hiring an additional hand.

This, of course, lessens the cost of manufacturing considerably. When the four mills were selling independently on this side, each of them carried stock in New York, Boston, Chicago, St. Louis, and San Francisco, and each had traveling men going over the territory. But with the advent of the combination all the stores in the various cities were turned into one, and a much smaller force is used to sell the products of the various mills. None of these economies have resulted in any advantage to the trade. To-day the shoe manufacturers pay considerably more for thread than when the various mills were independent and this, notwithstanding the fact that the cost of making and selling the thread is less than it was some years ago. A reduction on the tariff would certainly benefit the shoe factories, all of which are large users of linen thread. A tariff of 25 per cent ad valorem on linen thread and yarn would be ample protection for the manufacturers and do away with the present specific schedule which necessitates the examination and sizing of all thread.

ROCHESTER THREAD CO.

LINEN WOVEN FABRICS.

T. DENNIE THOMSON, BOSTON, MASS., RECOMMENDS REDUCTION OF DUTIES ON LINEN WOVEN CANVASSES, DUCKS, AND PADDINGS.

BOSTON, MASS.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I wish to call your attention to certain facts relative to the duties now paid on linen woven fabrics.

In presenting these facts I wish it understood that I am not speaking as an agent for a foreign house. I am not speaking for foreign houses. I am speaking for myself as an independent American citizen; an importer of linen woven fabrics for thirty years past of the goods now commonly called linen woven canvasses, ducks, and paddings, and these goods are not manufactured in the United States and never have been. The duty on these linen woven fabrics therefore protects no American industry.

I speak thus for the reason that in nearly all of the tariff hearings that have been held in the last twenty years past the gentlemen who have appeared before those committees for a reduction in duty on linen woven fabrics have largely been composed of the resident agents of foreign houses, and, although able gentlemen, they have not elicited a great burst of applause from you when they came before your committee asking your attention to their just and equitable plea for a material reduction of duties on said fabrics.

Why should we have a duty on these linen woven fabrics that runs as high as 60 per cent and not lower than 50 per cent, except in the Troy or shirting linen clause, where goods that are under $4\frac{1}{2}$ ounces per square yard and count over 100 threads to the square inch come in at 35 per cent duty? I should like to have an answer from you to this question. The duty on these fabrics now paying 50 per cent and over was designed to protect an American industry that never was, but one that was hoped for. The hopes have never materialized. The reason for imposing the excessive duties on linen woven fabrics of foreign manufacture is a reason no longer, and yet we still have the excessive duties on these fabrics that are not made in this country.

Does anyone now hope to make a success of manufacturing linen woven fabrics here in this country? If the protection of so many years past has borne no fruit, it is high time to acknowledge the truth and at least lessen very materially the excessive duty on all linen woven fabrics.

The Boott mills, of Lowell, determined to create a great American industry—the manufacture of linen woven fabrics—on a very large scale, and as an aid to the establishment of this great industry, and for the purpose of creating this industry, and for a benefit to the Boott mills idea, the Committee on Ways and Means, prior to July, 1897, framed a schedule in the Dingley bill which increased duties of linen woven fabrics, already excessively high, by as much as 15 to 20 per cent additional duty. With this protection secured, the treasurer of the Boott mills gave at that time the prediction that the importation of linen woven fabrics from abroad into this country would soon be a thing of the past—that in two years both sides of the

Merrimac River would be lined with linen mills, manufacturing linen woven fabrics of all kinds, manufactured by Americans for Americans.

The hope was a glorious one for America, but the hope died, not for lack of money power or influence, nor lack of immense financial resources, nor a lack of skill, brains, or great ability, but for the simple fact that climate and water were the factors they had to contend with, and these factors were insurmountable barriers for successfully manufacturing linen woven goods in this country.

What has been the result? Not one building has been erected in Lowell to make such goods. Not in the eleven years since the Dingley tariff bill became a law has anyone connected with the Boott mills erected a single mill to make linen woven fabrics. Neither have the Boott mills made any such fabrics in the last ten years. What American industry do the present duties protect? Answer, not one. Why should such duties continue?

There will come manufacturers before your committee who will boldly say that they are engaged in the manufacture of linens in this country. They will point to several mills that are called American linen mills. They will ask for an additional duty on linen goods or to have the absurd duty on linens remain as it is, but these gentlemen are not manufacturers of linen woven fabrics. They are manufacturers of linen thread. They are simply thread manufacturers. They are spinners of threads made from imported hemp or flax, and could not be classed in any way as manufacturers of linen woven fabrics.

I would most respectfully beg of your committee the earnest consideration of the above facts.

T. DENNIE THOMSON.

MATTINGS.

CERTAIN NEW YORK IMPORTERS OF CHINA, JAPAN, AND INDIAN FLOOR MATTINGS FILE SUPPLEMENTAL BRIEF.

NEW YORK, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: This committee filed a brief on November 30 with reference to the duty on China, Japan, and India floor matting made of straw, and now begs to submit the following additional statement:

The average dutiable value of matting for the past ten years, as shown by government statistics, was approximately 7½ cents per square yard. On this basis the average landed cost is 13½ cents, duty paid, including buying commission, shipping, freight, landing charges, etc., and 3 cents per square yard duty.

The rate of freight at present by steamer to the Pacific coast and railroad is 1½ cents per pound in car-load lots. The rate of freight by steamer via Suez Canal or by sailing vessel averages less.

Ninety-nine per cent of all mattings imported from China and Japan are sold by the importers to the retailers at prices ranging from 9 cents to 25 cents duty paid per square yard, and there is practically no demand in this country for higher-priced mattings.

This is proven by the fact that only about 1 per cent of the importations come under the high rate of 7 cents and 25 per cent ad valorem duty, which is assessed on mattings, the first cost of which is over 10 cents per square yard. These higher-priced mattings are known as "novelties" and are in very little demand.

In view of this lack of demand for high-priced mattings, if the 10-cent dutiable value limit is removed and all mattings allowed to come in at the 3-cent rate of duty, we do not think the total importations will be influenced, but that both the importations and the revenues will be practically the same as at present; but the consumers would get better quality, because the importers could, when necessary, pay a trifle more than the equivalent of the present 10-cent limit of dutiable value to the manufacturer in China and Japan and get good quality, whereas at present, if for any reason, such as a short crop of reeds, etc., the cost advances, it becomes necessary to reduce the quality in order to keep within the 10-cent limit, as the importers can not afford to pay the high duty, as it would bring the price above that which the retail trade can pay.

The statistics for the past five years show that the importations have remained about stationary, and are not keeping pace with the increase in population.

The attempts to make in this country mattings, like those imported from China and Japan, on power looms have been carried on in a spasmodic manner for over twenty years.

The production during this period and up to the present has been infinitesimal, and it has been conceded by representatives of the different manufacturers who have attempted to make mattings in this country that it was commercially impossible to make a success of it.

A great many of the firms that the committee represents have been approached at different times to put in capital to form a company for the manufacture of mattings in the United States, but promoters could never furnish figures that would justify investments.

The cost of producing domestic matting is higher than the selling price of the imported. Definite figures are not open to us, but we know an investigation will show that the domestic production is only a very small fraction of 1 per cent of the total consumption of matting in this country.

Power looms have been tried repeatedly in China and Japan, always without success.

We would mention that a number of the firms we represent are manufacturers of domestic floor coverings, but are in favor of a single specific duty of 3 cents per square yard on mattings, as they realize that it stands alone as a floor covering, and the demand for it could not be diverted to other goods.

This committee is a standing one, appointed by the whole trade to represent them, and would be pleased to furnish any further information desired.

Respectfully submitted.

JOHN N. BOYD,

Of Joseph Wild & Co., 82 Worth Street, New York City.

J. C. WIRTZ,

Of Smith, Baker & Co., 85 Wall Street, New York City.

NELSON S. CLARK,

Of W. & J. Sloane, 834 Broadway, New York City.

**JULIUS GARST, OF WORCESTER, MASS., WRITES IN ADVOCACY OF
PRESENT DUTY ON HIGH-GRADE MATTINGS.**

WORCESTER, MASS., *December 1, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Nearly four years ago I became interested in the development of certain power-loom mechanisms for making matting. I have been instrumental in perfecting said mechanism, and in manufacturing more than twenty 40-yard rolls of high-grade matting. I have realized from the outset that matting can not be made in America at sufficiently low cost to compete with the low-grade mattings of China and Japan, on which the duty is 3 cents a square yard. I have ventured more than several thousand dollars and am willing to invest more on the probabilities of building up a successful matting-manufacturing industry if the present protective tariff on matting is not to be reduced.

The silk industry in America owes its existence and prosperity to a protective tariff. The raw material comes from China, Japan, and Italy. The *Juncus effusus*, that forms the weft in the best grades of matting, also is produced in China and Japan, and might be brought in the raw state to this country for manufacturing purposes.

I am informed that an American matting concern has recently shipped its looms to Japan with a view to manufacturing matting in Japan for the American trade. I have been advised to do the same, partly on account of the difficulty of obtaining the desired kind and quality of straw from Japan and partly on account of the cheaper labor in Japan.

After much correspondence and unfavorable reports from various sources in Japan as to the obtainability of *Juncus effusus* from Japan. I have ascertained that said straw, of good quality, can be obtained from China. I have recently made a purchase through an agent in China. If it proves satisfactory, it would seem that the way is clear for developing a manufacturing business of respectable magnitude provided the tariff on high-grade matting is not to be reduced.

I should be pleased to submit samples and appear before your honorable body if you desire that I should do so.

Very respectfully,

JULIUS GARST.

**THE CHELSEA FIBER MILLS, NEW YORK CITY, URGE RETENTION
OF PRESENT DUTIES ON STRAW MATTINGS.**

NEW YORK, *December 3, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: We would ask that there be no reduction in the rates of duty on straw mattings which directly compete with and replace in consumption low-cost floor coverings which are made in this country. Our own factory has during the present act continuously manufactured a product from jute, and the following figures are from our

own records. We are unable to state the proportion that same bears to the total domestic production as affected by imported mattings, and only give the figures as one piece of information:

Not exceeding 10 cents per square yard:	
Average yearly production, in pounds.....	389, 300
Average yearly production, in square yards.....	577, 000
Average yearly total value.....	\$43, 342
Exceeding 10 cents per square yard:	
Average yearly production, in pounds.....	1, 881, 000
Average yearly production, in square yards.....	1, 207, 000
Average yearly total value.....	\$274, 545

Paragraph 334: We recommend that this paragraph be changed so as to read as follows:

Carpets, carpeting, mats, and rugs, made of flax, hemp, jute, or other vegetable fibre (except cotton), valued at not exceeding fifteen cents per square yard, five cents per square yard and twenty-five per centum ad valorem.

The following figures are taken from our own books, and cover the average production for the entire period during which the present act has been in force. We are unable to state the proportion our own product bears to the entire domestic production:

Not exceeding 15 cents per square yard:	
Average yearly production, in pounds.....	545, 000
Average yearly production, in square yards.....	636, 000
Average yearly total value.....	\$60, 679
Value exceeding 15 cents per square yard:	
Average yearly production, in pounds.....	1, 336, 000
Average yearly production, in square yards.....	571, 000
Average yearly total value.....	\$213, 865

Our reason for the reduction specified is that we believe that the duty on the lower-valued classification can be reduced and still protect the American manufacturer, and in the end allow importations of some special products which may not be available excepting from foreign manufacturers. We would call your attention to the fact that for the past four years the importations under the first class, i. e., value not exceeding 15 cents per square yard, amounted to less than an average yearly value of \$1,500, while the importations under the second class, i. e., valued at above 15 cents per square yard, averaged about \$75,000 yearly.

Paragraph 341: We recommend that there be no reduction in the rates of duty, and that the phrase "not exceeding 60 inches in width" remain without change. The duty on the ordinary burlaps, which is the commodity mainly covered by the paragraph, is now so low as to prevent the manufacture in this country of regular goods for the general market. We have continuously operated machinery required for these goods.

The clause "not exceeding 60 inches in width" covers products which, while covered by the description "plain woven fabrics of single jute yarns," are not ordinary "burlaps," but require additional care to produce, with increased cost in manufacturing.

The value of common burlaps as imported in 1907 was 7.9 cents per pound, the value of burlaps covered by "not exceeding 60 inches in width" was 10.2 cents per pound, the difference, 2.3 cents per pound, representing the increased cost to manufacture (same covering

labor, supplies, and fixed expense), as the raw material in both cases is the same.

	Cents per pound.
Duty on plain woven fabrics, which are entered under paragraph 347, owing to the operation of the clause "not exceeding 60 inches in width"-----	3.7
Average value-----	8.3
Duty on jute yarns finer than 5 lea for the period 1905-7-----	2.8
Average value-----	8.1

The product covered requires yarn to be finer than 5 lea.

The difference of nine-tenths cent per pound in duty is of itself insufficient to cover the cost and charges of weaving same into finished product.

Paragraph 343: We recommend that this paragraph remain without change, unless your committee sees fit to increase the rates of duty specified in paragraph 341. Should this condition transpire, somewhat additional increase in actual duty per pound should be provided for goods entered under paragraph 343.

Our annual production has averaged in excess of 1,750,000 pounds. Owing to the small protection afforded by the low duty per pound on goods imported, both under this paragraph and paragraph 341, further increase in home production is impossible, and the business can only be negotiated where all of the conditions are favorable to our methods.

The Chelsea Fibre Mills (formerly The Chelsea Jute Mills) has, since its beginning in 1876, continuously made woven jute products. The factory is equipped to carry on all of the necessary processes, including carding, spinning, dyeing, weaving, and finishing, and has during the existence of the present customs act produced over 51,570,000 pounds of woven products.

If your committee desires any figures, either as to cost or production, we will be pleased to give such, so far as same may be available from our records.

Respectfully submitted.

CHELSEA FIBRE MILLS,
FRANK L. PIERCE, *General Manager.*

NOTTINGHAM LACES.

PHILADELPHIA MANUFACTURERS OF THESE LACES ASK FOR REDUCTION OF PRESENT DUTIES.

PHILADELPHIA, *December 4, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We wish to offer the following figures and facts, as evidence for the justness of our contention:

First. The dependence of the industry on the foreign manufacturer for specially prepared yarns. From January 1, 1906, to December 1, 1908, 32 per cent in value of all yarn used in the manufacture of curtains at the Joseph H. Bromley plant were imported at an approximate duty of 50 per cent.

Second. The difference in wages for weaving Nottingham lace curtains in Nottingham and Philadelphia for the various grades of

curtains making in the Joseph H. Bromley plant, under date of November 21, was 68.45 per cent higher in Philadelphia, as proven by the attached affidavit marked "Exhibit A."

Third. The published prices of the Nottingham Lace Curtain Weavers' Union, on which the comparison in Exhibit A is based, is only interesting as a matter of information, as the wages paid the lace weavers in Scotland are so much lower that even the manufacturers of Nottingham can not compete with those of Scotland; Therefore,

Fourth. The lower rate of wages paid the Scotch lace weavers is substantiated by affidavits made by Scotch weavers in the employ of the Lehigh Manufacturing Company, marked "Exhibit B," from which you will note that our competition is not with the 68½ per cent advance we pay over the union rate of Nottingham, England, but with the 164 per cent to the 327 per cent advance over the Scotch rate of wages, the weavers here being paid 2½ to 4½ times those of Scotland. (See the comparisons of Exhibit B, made by the timekeeper and paymaster of the Lehigh Manufacturing Company.)

Fifth. Instead of the pitifully paid female help of Scotland, which we neither could nor would duplicate, the girls and women employed in the Nottingham lace curtain industry of Philadelphia are the highest paid of its many important textile industries.

Sixth. Wages paid in Philadelphia for all labor entering into a Nottingham lace curtain, for which we have substantiated records to date, is from two to four times that paid in Scotland.

Seventh. We not only have no advantage in production or efficiency, man for man, loom for loom (see affidavit marked "Exhibit C"), but on the contrary the Scotch manufacturers exercise the right to run their machines 132 hours per week against our 97 hours per week, thereby getting nearly one-third more production from the same number of machines. This is an important factor in competition, on account of the high cost of a lace-curtain machine in proportion to the value of its product, which we would rather be protected from than be forced to adopt, as the American weavers will not work the Scotch hours, claiming that it is not for their welfare.

We stand ready to give you any further information that you may desire, and we ask for the retention of the present duties provided for in paragraph 340.

Yours, very truly,

JOHN BROMLEY SONS,
JOSEPH H. BROMLEY.
LEHIGH MANUFACTURING CO.
NORTH AMERICAN LACE CO.

EXHIBIT A.

I have gone over pay roll of weavers for week ending November 21, 1908, and find that the average wage paid for entire production of the mill for that week was 0.11153 cents per rack. If this pay roll had been made up from the published Nottingham union wage scale, the average rate paid would have been 0.08621 cents per rack, showing American wage scale to be 68.45 per cent higher.

S. A. SPERING, *Office Manager.*

Sworn and subscribed to before me this 4th day of December, A. D. 1904.

[L. S.]

FRED E. SCHMIDT,
Notary Public.

Commission expires January 21, 1911.

EXHIBIT B.

In 1906 I worked at Goodall & White's, Glasgow, Scotland, as a lace weaver, working an 8-point 360-inch machine at the rack rate of $1\frac{1}{4}$ pence for ordinary double action and $2\frac{1}{4}$ pence for double-action madras. Previous to 1906 I worked for Muir Brothers, Newmilns, at the set wages of 26 shillings, where I learned the trade, working the first year for 18 shillings, the second year for 21 shillings, the third year for 24 shillings, and the fourth year for 26 shillings.

ALEX SMITH.

Sworn to and subscribed before me this 3d day of December, A. D. 1908.
[L. S.] WILLIAM BUCKLEY,
Notary Public.

Commission expires January 14, 1909.

The wages of Alex Smith for the weeks of November 21 and 28 were \$29.85 and \$25.05 (Thanksgiving week), working a total of seventy-six hours and making 448 racks.

Working by hours, Alex Smith averaged \$27.76 per week of forty-four hours, or $4\frac{1}{4}$ times the time rate of Muir Brothers, Scotland.

Working by racks at the American rate of 0.1000 per rack for 8-point 360-inch ordinary double action and 0.1121 per rack for double-action madras, he would have averaged for each week when making ordinary double action \$3.40 in Scotland, as against \$22.40 in America, or, if making double-action madras, \$9.52 in Scotland, as against \$25.11 in America. The American rate is 167 per cent higher than that of Goodall & White, Glasgow, on the ordinary double-action goods, and 164 per cent on the double-action madras goods.

E. S. WEISS, *Timekeeper and Paymaster.*

Sworn to and subscribed before me this 3d day of December, A. D. 1908.
WILLIAM BUCKLEY,
Notary Public.

Commission expires January 14, 1909.

In 1905 and 1906 I worked at Hood Morton's, Newmilns, Scotland, as a lace weaver, working an 8-point 360-inch machine, at set wages of 26 shillings per week of forty-four hours, the masters working the machines three shifts or one hundred and thirty-two hours.

ALLAN ATHY.

Sworn to and subscribed before me this 3d day of December, A. D. 1908.
[L. S.] WILLIAM BUCKLEY,
Notary Public.

Commission expires January 14, 1909.

The wages of Allan Athy for weeks ending November 14, 21, and 28, were \$26.26, \$24, and \$19.45 (Thanksgiving week), respectively, working one hundred and forty-one hours. This is an average of \$21.75 per week of forty-four hours, or $3\frac{1}{4}$ times what he was making in Scotland for the same number of hours.

E. S. WEISS, *Timekeeper and Paymaster.*

Sworn to and subscribed before me this 3d day of December, A. D. 1908.
[L. S.] WILLIAM BUCKLEY,
Notary Public.

Commission expires January 14, 1909.

EXHIBIT C.

Nottingham lace-curtain machines of the United States, England, and Scotland are all of the same makers, run at the same speed, so the production is the same, man for man, loom for loom. The earnings as set forth in the cases of Allan Athy and Alex Smith are selected solely because they recently came from Scotland, are weavers of average ability, and represent an average of the in-

creased earnings of lace-curtain weavers in the United States as compared with those in Scotland, due solely to the difference in wage rates.

WM. BROWN, *Machine Foreman.*

Sworn to and subscribed before me this 3d day of December, A. D. 1908.

[L. S.]

WILLIAM BUCKLEY,
Notary Public.

Commission expires January 14, 1909.

THE PATCHOGUE MANUFACTURING COMPANY, PATCHOGUE, N. Y., ASKS RETENTION OF PRESENT DUTY ON NOTTINGHAM LACE CURTAINS.

NEW YORK, *December 3, 1908.*

Hon. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: As manufacturers of Nottingham lace curtains at Patchogue, Long Island, in which a capital of over \$1,000,000 has been invested in our curtain factory, we desire to go on record as requesting that the present duties providing a duty of 60 per cent on lace curtains under paragraph 340 be retained, and that the same be not reduced. Under this duty it has been possible to manufacture in this country lace curtains in competition with Great Britain. At the present time the conditions surrounding the manufacture of these goods are exactly the same as they were at the time of the passage of the present tariff, with the difference, however, that the scale of wages of our weavers has advanced about 30 per cent, and that to-day we are paying from 50 to 85 per cent more than the Nottingham union for this labor. To lower the duties on these goods would make it impossible to compete with the foreign goods; would depreciate the capital now invested in this industry; would curtail employment, and would work serious injustice to laborers and manufacturers.

Respectfully,

THE PATCHOGUE MANUFACTURING COMPANY,
PH. LANDAUER, *Vice-President.*

THE SCRANTON (PA.) LACE CURTAIN COMPANY CLAIMS THAT PRESENT DUTY ON ITS PRODUCTS IS NECESSARY.

SCRANTON, PA., *December 1, 1908.*

Hon. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Speaking in behalf of the interests of this company, I write to ask the retention of the present duties upon Nottingham laces, etc., as covered by paragraph 340 of the Dingley bill.

Our reasons for making the above request are as follows:

First. We are compelled to use machinery built exclusively in England, and upon which we have paid 45 per cent duty.

Second. We are compelled to import a certain portion of our yarns, upon which there is a duty of approximately 50 per cent; these

yarns being of the finer grade, and the American yarns of the same grade as yet being inferior—this statement being made after a trial of said American yarns of several years.

Third. The American labor in this industry is paid 50 to 80 per cent higher than in England.

I believed that statistics show that the total importations of Nottingham laces have been decreasing annually, this being due, in my judgment, to the fact that domestic competition has been so severe during the last three years, due to overproduction, that domestic prices have been unduly low, so low, in fact, that this industry did not participate in the general prosperity culminating in October of 1907. I might incidentally remark that if, during this period covering several years, reasonable agreements as to price had been permissible under the law the trade would be upon very much surer footing with a consequent benefit to both capital and labor.

If confirmation of any of the above statements are desired the books of the Scranton Lace Curtain Company are open to anyone whom your honorable committee may designate to inspect same.

Very truly, yours,

J. BENJAMIN DIMMICK, *President.*

THE INTERNATIONAL LACE CURTAIN COMPANY, NEW YORK CITY, ASKS PRESENT PROTECTION ON LACE CURTAINS.

NEW YORK, *December 2, 1908.*

Hon. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: As American manufacturers of what are known in the trade as "Nottingham lace curtains," we desire to place before your committee some of the reasons why our product needs proper protection.

One-half of the value of our production is in wages paid to labor. The lace is made entirely of cotton yarns, of which at least 25 per cent in value has to be imported, because it is not spun in this country, and on this we pay an average duty of about 50 per cent.

The machines (looms) on which the goods are made are not built in this country, hence must be imported, and a duty of 45 per cent paid on their cost, and as each machine costs from \$4,000 to \$6,000, the duty paid on all the machines in this country has been very large in amount and so a source of great revenue to the Government.

The machinery is positively useless, excepting for the making of this class of lace.

While Nottingham, England, for years was the center for the manufacture of our goods, Scotland has of late taken the lead, owing to the much lower scale of wages prevailing there, and so in justice to American manufacturers the Scotch rate of wages should be considered by your committee in arriving at the cost of foreign goods.

Our weavers, when fully employed, will earn from \$25 to \$35 weekly, while we are informed on credible authority that one of the largest Scotch manufacturers is paying a set wage of \$6.50 weekly, with a bonus that will allow their men to earn from \$7 to \$7.50 in extreme cases.

Our product is essentially a luxury and as such is properly subject to a higher rate of duty than necessities.

All of our accessory labor is paid not less than double what Great Britain pays for similar work.

The custom in Great Britain of renting one or more machines with power to operate them to weavers who have not sufficient capital to purchase them outright establishes an additional competition that is very hard to meet.

On the same machinery the weavers in Great Britain produce more goods than ours do, probably because the very much lower rate of wages paid them makes it necessary for them to work harder to earn living wages.

Our goods are woven in long pieces of from 30 to 50 yards; in some cases they are bought by the trade in the long (30 to 50 yard pieces), known as yard goods or piece goods. Often the long piece is divided into 2½, 3, 3½ yards, and various other lengths, known in the trade as curtains. Because Nottingham curtains were mentioned in the tariff law of 1897 and yard goods or piece goods not mentioned specifically, we find that Nottingham curtains come in under paragraph 340, paying a combined specific and ad valorem duty, while Nottingham yard or piece goods come in under the all ad valorem paragraph covering nets and nettings and other curtains not anything like the product of the Nottingham machine. The result is that the same lace made on the same machine, of the same materials and often the same in design, can be sold in this market by the foreign manufacturers at a much lower price in yard goods than if cut up into curtains, making it impossible for us to compete.

The specific and ad valorem duty, as per paragraph 340, was intended to protect the manufacturers of Nottingham (lace goods), and so should be made to cover the product of the machine, no matter what trade name may be given it; or whether it is disposed of in the same length and width as it leaves the machine or is afterwards cut into smaller pieces.

For the foregoing reasons it is absolutely necessary, if Americans are to continue to manufacture these goods, that paragraph 340 of the tariff act of 1897 be continued as it is, excepting to have Nottingham yard goods or piece goods added to "curtains, bed sets, pillow shams, etc.," which are now enumerated in it. Or it would be more simple and work an injustice to no one to have the paragraph cover the product of the Nottingham lace-curtain machine.

If there is any information we can supply the committee we will be pleased to do so.

Very respectfully, yours,

INTERNATIONAL LACE COMPANY,
GEO. E. LACKEY, *President*.

RAMIE.

WASHINGTON, D. C., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I am particularly interested in the ramie industry in the United States, and as it promises to be one of the greatest industries waiting to be fostered, it is very important that it should be

understood; but it has been so horribly misrepresented that it may somewhat interest you to look thoroughly into the merits of it.

In the act of July 24, 1897, in these schedules you will see that there was a tariff put on ramie, of threads, twines, or cords not finer than 5 lea or number, 13 cents a pound, and if finer than 5 lea or number, three-fourths of 1 cent per pound for each lea or number from yarn finer than 5 lea or number. Then, in 331, single yarns in gray, not finer than 8 lea or number, 7 cents a pound; finer than 8 lea or number, 40 per cent ad valorem; if not finer than 80 lea or number and if finer than 60 lea or number, then they dropped down to 15 per cent ad valorem.

This discrepancy should by all means be corrected, as it is in the interest of importers and manufacturers, who have no interest in the coarser yarns and only want the finest threads for making silks and other fine goods that they sell for silk or other high-priced materials, and can well afford to pay any duty below that on silk itself. This item should be raised from 50 to 100 per cent, as they weave these threads into silk dress goods and sell them for silk. They are enabled to fight the development of the ramie industry in this country, and that is just what they are doing.

When I got the appropriation of \$5,000 eliminated from the agricultural appropriation bill for the fiber investigation, these very men rushed here from New York and New Jersey and protested that "they wanted the ramie industry promoted," and "that if it could be continued another year it could be done, and they would help"; but when the end of the year came in which they were granted the continuance of the appropriation with the proviso that \$2,000 should be used for genuine experiments and only \$3,000 could be used for salaries (in fact, it had been used all for fighting it in this country), and at the end of the year it was shown that the \$2,000 had not been used at all, and the \$3,000 had been used to fight the industry here instead of assisting it, the whole appropriation was thrown out bodily.

Now I ask that this be thoroughly looked into and justice be done to the efforts honestly and intelligently being done in its favor. The last time I estimated the imports of fine and high-priced goods that we are importing, that could be duplicated out of ramie raised and manufactured in this country, thus making an enormous industry in many ways and a saving of the exportation of over a hundred millions of gold, were \$135,000,000 annually.

The goods I speak of are silks, alpaca, camel's hair, wool, worsted, and flax, and, of course, ramie, which Mr. North, the Director of the Census, promises me to take up and report as a separate matter.

SILK SCHEDULE AS AFFECTING RAMIE, AND TO BE PROMOTED IN THIS COUNTRY WITH, BY, AND FOR RAMIE, AND IN THE INTEREST OF THE PEOPLE.

I want to say that this ramie industry needs in all its best stages silkworm silk, and it will pay the promoters of ramie to thoroughly promote the raising of the silkworm, and, as I state in my writings in Senate Documents Nos. 533 and 534, last session of Congress, we will agree to buy all the silk that can be produced in the United States, and at a price that will induce the people to embark in the

work of producing the cocoons. I know that it can be done in a short time if there could be a tariff fixed so that it could be increased every year as fast as the industry could be developed. I would not ask more than 10 or 20 per cent raise at the present time on raw silk, to start with, but at least 10 per cent each year until the matter was accomplished. If the people only knew for a certainty that it would be done they would immediately embark in the enterprise. The ramie companies will contract for all the product at a price to pay. There must be a market in the interest of this work in order to accomplish it, and the ramie industry will need it as soon as it can be started. Now, I am asking just enough appropriation to help to demonstrate it, and should have had it ten years ago, and would but for the ignorance concerning it and the misrepresentations made by the deposed fiber agent in the Agricultural Department for so many years, as well as foreign interference with Congress and the tariff and by men selfishly interested in nothing but themselves.

Of course I would not ask that a prohibitive tariff should be made until the certainty was demonstrated that it would be produced in this country and by our own people on a paying basis.

The Republican party has been reputed to be a progressive "industry party," and here is the chance for them to rise up to the level of their professions. Here is one of the coming great and most important things for them to do in order to prove it definitely to the satisfaction of all concerned.

I have grown ramie in Florida, Louisiana, Texas, Alabama, Mississippi, and California, as well as here in Washington, for a number of years, and can prove what I say and have written about it. Please read with a little care and interest in the Senate Documents Nos. 533 and 534 I have left with each one of you, and give me an appropriation sufficient and I will prove more than I say here, and do it in a few years, too. Only give me one-half what the Government has deprived me of foolishly in the past ten years, and I will make it up to the people and recover the other half I have lost myself, and make it worth many hundred millions to the country annually.

Very respectfully,

SAMUEL H. SLAUGHT,
Committee on Manufactures, Room 66, Senate Annex.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS.

FIRST PRINT, No. 34.

TUESDAY, DECEMBER 15, 1908.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. ROUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POUL.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Tuesday, December 15, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. Is Mr. Pope present?

Mr. CRUMPACKER. I just had a talk with Mr. Pope, and they have decided to submit a brief on their questions.

The CHAIRMAN. I wish he would stay here until this afternoon, as we may want to ask him some questions.

Mr. CRUMPACKER. He is here now, but I do not know whether he is prepared to make a statement. If he is, he can make it now.

Mr. DALZELL. Does he want to be examined?

Mr. CRUMPACKER. He had agreed to submit a brief.

STATEMENT OF MR. WALTER WOOD, OF 400 CHESTNUT STREET, PHILADELPHIA, PA.

(The witness was duly affirmed by the chairman.)

Mr. Wood. Mr. Chairman, we are manufacturers of cast-iron pipe. The total business of the country is about three-quarters of a million tons. Our product is about 15 per cent of that amount. The trust in our business has a product of about 50 per cent of the total amount. The duty on cast-iron pipe is \$8.96 a ton, which is about \$5 above the duty on pig iron. It is essential to state it this way to compare it with pig iron, the duty of which is on the gross ton. Pig iron is essentially the largest factor in our manufacture, and whatever you put the pig-iron duty at will be the basis really for estimating the duty on cast-iron pipe. If you reduce pig iron a dollar, that, of course, takes a dollar off the duty on pipe.

The CHAIRMAN. How much pipe would a ton of pig iron make?

Mr. Wood. There is only about 3 to 5 per cent waste. The waste is a negligible quantity in a broad discussion, but when we come down to our drawbacks we are allowed 5 per cent waste. If there is \$2 to come off pig iron, the cast-iron pipe man can stand \$2 additional. The duty on pipe being \$5 above pig iron, or \$9, nearly, is a duty larger than the market really demands, and to that extent is too high; and to that extent also it is detrimental to the comfortable growth of the business.

The CHAIRMAN. What is the labor cost of pipe?

Mr. Wood. The labor cost in the foundry runs from about \$5 to \$5.50 per ton, according to the character and weight of the individual pieces of pipe. The material cost, such as coal and other materials which go into the manufacture, will run from \$2.50 to \$3. The overhead charges of the manufactory will amount to about \$1.25—that is, maintenance and sinking fund and various items—and selling expense

will be about another dollar, making a total cost, roughly, of about \$10 a ton.

The CHAIRMAN. The cost of converting pig iron into pipe is about \$10 a ton?

Mr. WOOD. We can roughly put it at \$10 a ton.

The CHAIRMAN. And the pig iron is worth, say, \$14 to make it, and the pipe would cost \$24?

Mr. WOOD. That is a short way of getting at it, sir.

The CHAIRMAN. What is the labor cost in Great Britain?

Mr. WOOD. To answer that question accurately would require a knowledge of their figures. We take it, from what we hear of the general trade abroad, that their costs abroad are, as near as may be, \$2 less than ours.

The CHAIRMAN. The total cost of converting pig iron into pipe is \$2 less than yours?

Mr. WOOD. Approximately. We take that from what we see of the quotations as bid for contracts.

The CHAIRMAN. Does that correspond with your experience in running in competition with the imported pipe, or is there any imported?

Mr. WOOD. There is practically no pipe imported because the duty is excessive. There has been some imported in the last year. We imported some into California ourselves in the past year.

Mr. DALZELL. There was more last year, 1907, than ever before, according to the statistics.

Mr. WOOD. Roughly, I should say that that is correct.

Mr. DALZELL. One million eight hundred and ninety-eight thousand five hundred and four pounds.

The CHAIRMAN. At what price is that, Mr. Dalzell?

Mr. DALZELL. About 1.3 cents per pound.

Mr. WOOD. That would be roughly correct, sir.

The CHAIRMAN. It is said generally by all concerns that manufacture things that there were lighter imports in 1907 than any other year.

Mr. WOOD. The prices here were high, higher than they really ought to have been, and the importations were possible.

The CHAIRMAN. As to the cost of converting pig iron into pipe, the difference in the cost between this country and abroad is about \$2 per ton?

Mr. WOOD. I did not put it in excess of that, sir.

The CHAIRMAN. I would like it if you would give the committee the items of cost—the cost of the pig iron, the coke, and the other materials they may use; and the labor cost per ton of converting the pig iron into pipe.

Mr. WOOD. I think I have given that to you with pretty thorough minuteness, Mr. Chairman, excepting that you might divide your supplies, which I put down at \$2.50 to \$3—half between coal and half miscellaneous supplies, like wood and tar and pitch and sand, and a large number of little things that every manufacturer has to use. I have given you the labor, the coal, the miscellaneous supplies, the overhead charges, and the selling price all in detail.

The CHAIRMAN. Have you given us the cost of your general force in the office?

Mr. WOOD. I did that in saying a dollar a ton for selling charges.

The CHAIRMAN. You have given us everything excepting the cost of the few incidentals.

Mr. WOOD. I have not got them in my head.

The CHAIRMAN. What would cover that?

Mr. WOOD. About \$1.25 to \$1.50 ought to cover the supplies, and about \$1.25 to \$1.50 ought to cover the coal.

The CHAIRMAN. With a differential of \$5 is it your idea that the business could then stand and still be on a protected basis?

Mr. WOOD. Our business would be thoroughly protected, sir, if we had a duty of \$3 above that of pig iron.

The CHAIRMAN. And only \$2 difference in labor. Suppose there is a difference in the cost of supplies—

Mr. WOOD. There is this point to be borne in mind. The computation of \$2 which you are alluding to means at the factory in America. Now, the factory in America must have a certain market in order to run, and the freight from Glasgow or Middlesboro to Boston or to Charleston is the same as it would be to Philadelphia and New York; consequently they put their goods at those points at the same price as they would at our home port, while we have to pay about \$2 to \$3 to reach the different points on the seaboard.

The CHAIRMAN. How much does it cost you for freight to New York?

Mr. WOOD. Freight to New York, I think, is \$1.25 a ton, sir; but I am speaking from memory.

Mr. UNDERWOOD. On pig iron or bar?

Mr. WOOD. Cast-iron pipe, sir, is the point I am speaking to.

The CHAIRMAN. What is the freight from Glasgow?

Mr. WOOD. Glasgow to New York—I am speaking of a supposed rate, because there is no published rate. It would roughly be, I should say, from \$2 to \$3 a ton, according to the contract that they were able to make with the steamship that brought it over.

The CHAIRMAN. Then you do better on freight rates?

Mr. WOOD. At the home port. At Philadelphia our freight would be 50 cents. To Boston or Charleston, \$2 to \$3; or, to go farther, the California coast, they would get decidedly a better freight rate than we would. The question of protection between what you might call the Atlantic States and the Pacific States is a very serious question.

The CHAIRMAN. What is your freight rate from your point of production to Boston?

Mr. WOOD. \$2.70 by rail and about \$1.75 by water.

The CHAIRMAN. And to Charleston?

Mr. WOOD. To Charleston it would be about, I should say, \$2.50 by water and probably \$4 to \$5 by rail. I am speaking in a casual way, sir, because I haven't the exact data in mind.

The CHAIRMAN. Do you have a market at Charleston?

Mr. WOOD. No; because that is controlled by the Alabama producers of castings.

The CHAIRMAN. You do not know what it is from the Alabama producing districts to Charleston, I suppose?

Mr. WOOD. I do not accurately know, sir.

The CHAIRMAN. That answers the question.

Mr. BOUTELL. Mr. Wood, how long have you been in business?

Mr. WOOD. Personally, I have been in the business about forty years, sir.

Mr. BOUTELL. The duty on these pipes under the McKinley law was nine-tenths of a cent a pound.

Mr. WOOD. Very possibly, sir; I do not know.

Mr. BOUTELL. And under the Wilson bill six-tenths of a cent a pound and under the present bill four-tenths of a cent a pound.

Mr. WOOD. Very probably, sir.

Mr. BOUTELL. In other words, the present duty is about one-third less than it was under the Wilson bill. What I wanted to ask was whether those changes from nine-tenths of a cent to six-tenths of a cent, and now to four-tenths of a cent, represented pretty fairly the difference in the cost of production at home and abroad at those periods?

Mr. WOOD. I should think that they were always in excess of the cost abroad, sir.

Mr. BOUTELL. So that your suggestion now is that the four-tenths of a cent be lowered?

Mr. WOOD. We can stand a reduction on the four-tenths of a cent and yet control the market.

Mr. BOUTELL. What rate would you suggest, that pig iron remain as it is?

Mr. WOOD. Pig iron remaining as it is, a differential of not over \$3 a ton above pig iron—of course that would throw the California—

Mr. BOUTELL. Have you figured out what that would be as expressed in the terms of the tariff, per pound?

Mr. WOOD. It would figure out about one and three-eighths cents per pound.

Mr. NEEDHAM. You started to say something about California in your answer just now.

Mr. WOOD. The point is this, sir, that the freight from all of our establishments to California by rail is about \$14.50 a ton—gross ton. By water it is about \$9 to \$10 a ton. The rate from England to the California coast varies according to the character of the shipment from \$6 to \$15, whether it is by a small shipment in a merchant vessel or whether it is a full cargo by a tramp; so that, as to California, we would either have to have a higher duty on our pipe or California will get the foreign product, or vice versa, she will get the foreign product and the East would have the larger duty.

Mr. NEEDHAM. This would not be a disadvantage at all to the California consumer?

Mr. WOOD. Not the least, sir.

Mr. HILL. Do you export?

Mr. WOOD. We did at one time; very largely ten years ago.

Mr. HILL. To what countries?

Mr. WOOD. I could easier tell you the countries to which we didn't export.

Mr. HILL. But most of the countries of Europe?

Mr. WOOD. Abroad; everywhere excepting the Mediterranean and Australia.

Mr. HILL. The Orient, India, and China?

Mr. WOOD. Yes; India, not Australia, also to China and Japan, Africa, and England.

Mr. HILL. Did you get drawbacks on that?

Mr. WOOD. Not at that time, because we were using domestic iron.

Mr. HILL. If you can compete in China and Japan, why can you not compete at San Francisco with the foreign manufacturers—on equal terms with the foreign manufacturers?

Mr. WOOD. Shall I clarify your question a little, sir?

Mr. HILL. Yes; all of my ideas, if you can.

Mr. WOOD. If we start on equal values of pig iron, we can not compete in California, as we have a \$14.50 freight rate, and England, with tramp steamers under favorable conditions, has from six to seven dollar freight rate.

Mr. HILL. Simply because of the difference in freight?

Mr. WOOD. In handling a product like ours freight cuts a very large figure.

Mr. HILL. Does the same difference in freight rate exist so far as China and Japan are concerned, or between England and Philadelphia?

Mr. WOOD. Sometimes, sir. It varies sometimes so that we have had cheaper rates to China than London has had, while sometimes it is otherwise.

Mr. HILL. Is that the only reason why you can not compete at San Francisco with England, the question of freight rates?

Mr. WOOD. Freight rates.

Mr. HILL. You do compete in China and Japan, or you did, on equal terms?

Mr. WOOD. When we had equal iron, iron on the same basis, we had a fair chance of competing in Japan and China.

Mr. HILL. What do you mean by "equal iron on the same basis?"

Mr. WOOD. Iron at the present time is selling in England on the basis of about \$12 a ton. At the present time in this country it is selling on the basis of about \$16.50 a ton.

Mr. HILL. The difference between England and this country now is the full difference of the tariff?

Mr. WOOD. The difference that exists now; yes, sir.

Mr. HILL. Have you any knowledge as to the cause of that full difference now, and no difference a while ago when the tariff was just the same?

Mr. WOOD. It was the difference in the cost of ore, sir, largely, and made up of other things as well.

Mr. HILL. The difference then, now, is the difference in the cost of the ore, not the tariff?

Mr. WOOD. That is the largest one item.

The CHAIRMAN. Do you happen to remember what you paid for pig iron in 1906?

Mr. WOOD. 1896, sir—perhaps the best way for me to answer your question intelligently would be to give you about that time, without any specific or particular year; but about \$9.25 to \$9.50 was what our pig iron cost us laid down in Philadelphia during the low period following the panic of 1893. Whether that was 1896 or 1897 I do not recollect at the moment.

The CHAIRMAN. Do you know what it was in 1897?

Mr. WOOD. As I say, I can not locate the particular year. I have given you the low price that was touched for Philadelphia iron.

The CHAIRMAN. Iron was higher in 1897, wasn't it?

Mr. WOOD. I believe I have covered your question, because I say I do not recollect exactly which year was the lowest.

The CHAIRMAN. As to the domestic pig iron that you bought—I suppose you bought the domestic pig iron as a general rule?

Mr. WOOD. We aim to buy foreign pig iron for our foreign orders.

The CHAIRMAN. And get a drawback?

Mr. WOOD. And get a drawback.

The CHAIRMAN. But for your domestic trade you use domestic iron, do you not?

Mr. WOOD. Excepting when the market runs away and gets so high, then we import.

The CHAIRMAN. It does sometimes happen that you buy foreign instead of domestic on account of the price?

Mr. WOOD. Yes.

The CHAIRMAN. The general domestic price has been considerably less than the foreign, plus the tariff?

Mr. WOOD. Moderately less.

The CHAIRMAN. What do you mean by "moderately" less?

Mr. WOOD. Take it at the present time; it would cost about \$18 to import English pig, and the present market for southern pig, delivered at Philadelphia, of the same quality, would be about \$17.

Mr. GAINES. Why does not the drawback clause give you equal iron for export? Is it because, on equal iron, you eliminate the question of freights?

Mr. WOOD. The location of the manufacturers abroad is such that there is one large manufacturer who pays practically no freight, and the next largest manufacturer pays about \$1.50 freight. We pay \$2 freight. When I say the freight, I mean the cost of—

Mr. DALZELL. What is the name of your firm?

Mr. WOOD. R. D. Wood & Co.

Mr. HILL. I understood you to say that the difference in the cost of pig iron was largely the difference in the cost of the ore. Was that correct?

Mr. WOOD. Yes, sir.

Mr. HILL. Have we not the largest ore supply of any country in the world?

Mr. WOOD. I take it that China has. But there is no doubt that the Lake Superior ore—

Mr. HILL. Are not our ore beds more economically worked than in any other country in the world?

Mr. WOOD. That I can not tell you, but there is no doubt but what they are very economically worked.

Mr. HILL. What is the reason why ore costs more here than in England, if we have a larger supply and it is more economically worked?

Mr. WOOD. Well, I can not tell you the real reason.

Mr. HILL. What do you think is the reason?

Mr. WOOD. Because the price is "pegged."

Mr. GAINES. Held up, I suppose.

Mr. UNDERWOOD. Referring to Mr. Hill's question, as to the difference in the price of ore, it is purely a question of difference in freight rate, is it not; the difference in laying the ore down at the furnace? That is where the difference in the cost of ore at the furnace comes, and that is why the cost of iron is greater at Pittsburg than in Eng-

land. The cost of laying the ore from the Mesabi mines down at Pittsburgh is greater than laying the ore down at South Wales, Cumberland, or Lincolnshire, isn't it?

Mr. WOOD. I guess the handling of ore from the ore bodies that you have spoken of is very small, but that is not the difference, sir. I think I explained the difference a moment ago.

Mr. RANDELL. I did not understand just exactly what you said. Did you say that it was a price that had to be paid that made the difference?

Mr. WOOD. I said "pegged."

Mr. UNDERWOOD. I don't understand what you mean by "pegged."

Mr. WOOD. You will have to ask the gentlemen who sell the ore. They can explain that better than I can. I do not know about their business.

Mr. RANDELL. Does that mean that they have the power to charge a certain price and that you have to pay it?

Mr. WOOD. I would rather your committee would find that out. I do not want to be responsible for any testimony excepting what relates to my business.

Mr. RANDELL. If the trouble is the price being "pegged," don't you think it would be better to look after the correction of that rather than make a tariff to suit the pegging price?

Mr. WOOD. That is a question for your committee, sir.

Mr. UNDERWOOD. You testified, I believe, as to the price of pig iron recently, and I would like to ask you, in connection with your comparison with the price of foreign iron, if you are familiar, in the last few years, with the prices of foreign and domestic iron?

Mr. WOOD. What year; 1907?

Mr. UNDERWOOD. I will ask you a specific question as to the German foundry iron in Germany. The price of that in January, 1906, was about \$17.50 a ton; is that correct?

Mr. WOOD. I can not tell you whether it is correct or not, but it is very likely correct, because they have the same understandings which we have in this country.

Mr. UNDERWOOD. At the same time the value of the English iron at the furnace was about \$14.

Mr. WOOD. In which year; 1906?

Mr. UNDERWOOD. January, 1906.

Mr. WOOD. January, 1906—we were importing iron at that time, and we were paying between \$13 and \$14 for it.

Mr. UNDERWOOD. In January, 1907, the next year, I will ask you if the German pig, in Germany, was worth about \$20 a ton?

Mr. WOOD. I can not tell you what the figures were in Germany, sir.

Mr. UNDERWOOD. The selling price in Germany?

Mr. WOOD. I can not tell you, because the selling price in Germany is an artificial price; it is governed by syndicates.

Mr. UNDERWOOD. I understand; but still it is a selling price there, whether artificially made or not; it is the price on the market.

Mr. WOOD. Our business has never led us to look seriously into the German prices.

Mr. UNDERWOOD. The English price in January, 1907, was about \$16, was it not?

Mr. WOOD. No, sir; I think you are a little high on that. I do not think Cleveland warrants have been over 50 to 54 shillings since that time; but I am speaking from memory only.

Mr. UNDERWOOD. I am giving you the top of the market in January, 1907.

Mr. WOOD. I am talking of what is known as "Cleveland warrants," which is the standard reference for the stock markets on pig iron.

Mr. UNDERWOOD. What price do you fix in January, 1907?

Mr. WOOD. I am not fixing it in January, 1907. I am only saying in a general way that my impression is that the "Cleveland warrants" have run about from 50 to 54 shillings during the past twelve months.

Mr. UNDERWOOD. I do not want the last twelve months, for there is no use in trying those things during a panic, but rather under normal conditions. If you can answer I would like to know what you think the "Scotch warrants" were worth at the furnace about January, 1907.

Mr. WOOD. The trade papers can give you that, but you would be in error in taking "Scotch warrants." You ought to take Middlesboro warrants.

Mr. UNDERWOOD. Why?

Mr. WOOD. The tonnage of Middlesboro stock so overshadows the Scotch stock that it sets the real price.

Mr. UNDERWOOD. The reason I asked was that the quotations from the trade journals gave both.

Mr. WOOD. But what I say is correct as regards the market.

Mr. HILL. You think that the duty is too high on the cast-iron pipe anyhow, even if the pig iron remains as it is?

Mr. WOOD. Any duty that is more than enough is too high, and destructive to manufacture.

Mr. HILL. If the entire duty were taken off of pig iron, you see no reason why an equivalent amount should not be taken from pipe?

Mr. WOOD. No; it would be a benefit to the business.

Mr. UNDERWOOD. If you take the entire duty off of pig iron, why should not the entire duty be taken off of iron pipe? Why not put both on the same basis?

Mr. WOOD. Because, sir, iron pipe—the conversion from pig iron to iron pipe is a question of labor.

Mr. UNDERWOOD. It is a question of labor from the ore to the furnace?

Mr. WOOD. But let me give you the whole answer, sir. The reason that the price of the conversion of pipe abroad costs a little less than in this country is a question of labor. In the manufacture of iron there is not (excepting in the transportation) very much labor. It is mostly machinery.

Mr. UNDERWOOD. The question of making pig iron?

Mr. WOOD. The question of making pig iron out of Lake Superior ore is a question, leaving out that of transportation——

Mr. UNDERWOOD. Well, now——

Mr. WOOD. Please let me answer your question, sir. The question of making pig iron out of Lake Superior ore, leaving out transportation and the wages of making the coke, is chiefly a question of machinery.

Mr. UNDERWOOD. Very well; now, let us see. Do you know that of your own knowledge, in the making of pig iron, or is that a guess?

Mr. WOOD. I can not give you the exact figures, but as I walk through my friend's large furnaces, mines, and rolling mills, it is very evident.

Mr. UNDERWOOD. What do you say is the cost of making pig iron at Pittsburg?

Mr. WOOD. I do not know, sir.

Mr. UNDERWOOD. Do you know how much it costs to produce the ore from the mines?

Mr. WOOD. I can make a guess, but I do not know.

Mr. UNDERWOOD. Do you know how much it costs to coke a ton of coke?

Mr. WOOD. Simply approximately, sir.

Mr. UNDERWOOD. Do you know how much it costs to lift the ore from the stock house to the bell of the furnace?

Mr. WOOD. The cost of running the skip up the inclined plane.

Mr. UNDERWOOD. Do you know how many men work in the stock house?

Mr. WOOD. I have not pretended to have that knowledge; I do not know.

Mr. UNDERWOOD. Do you know how many men work in the cast house?

Mr. WOOD. I guess it is mostly done by machine pouring, is it not, sir?

Mr. UNDERWOOD. To make cold pig—done by machine pouring?

Mr. WOOD. Largely, sir, but not altogether.

Mr. UNDERWOOD. Somebody has to fix the forms.

Mr. WOOD. That is machinery altogether.

Mr. UNDERWOOD. In the average furnace of the United States—I do not think so. Then you do not know what the cost in the gas house is; you do not know what it will cost in the stock house; you do not know the cost of a ton of ore, and you do not know the cost of a ton of coke—as a matter of fact, you really do not know what it costs to make a ton of pig iron—how much labor is in it?

Mr. WOOD. The answer to that is very plain, sir. A man in the pig-iron business knows those things, and a man who is not in the pig-iron business, but in the iron business generally, does not pretend to know exactly what those things cost.

Mr. UNDERWOOD. He does not know.

Mr. WOOD. He hasn't the exact figures.

Mr. UNDERWOOD. What did you pay for your pig in 1906?

Mr. WOOD. Oh, you are asking a fellow to recollect a lot—1906—I really could only give you a rough guess, because I haven't carried those figures in my mind, nor have I brought them with me. The market quotations will show, if you have them there, and perhaps that would be the easiest way to get at it.

Mr. UNDERWOOD. Take the cost of pig at your plant to-day on the present market prices, which are not as satisfactory as they were a year or two ago; what is the cost of pig to-day?

Mr. WOOD. The cost of pig to-day is from \$16 to \$16.50; that is, the quality that we use.

Mr. UNDERWOOD. Do you make a ton of pipe out of a ton of pig?

Mr. WOOD. Practically, sir, with the waste, as I answered your chairman, of from 3 to 5 per cent.

Mr. UNDERWOOD. How much is the wage that goes into a ton of pipe at your factory?

Mr. WOOD. I think I have given that before, but I will be glad to give it over again. The wage, in rough labor, runs from \$5 to \$5.50.

Mr. COCKRAN. Per what?

Mr. WOOD. Per ton. Of course, when you are making a very small pipe, a light pipe, it is more, and may run up to \$6 or \$7, if you take abnormal conditions; but I am taking a fair and square average.

Mr. UNDERWOOD. About \$5.50 a ton for wages. What is the wage cost in making this same kind of pipe in England?

Mr. WOOD. I would like to find out, sir. We only have general results to judge those things by.

Mr. UNDERWOOD. And you are not informed then as to the wage scale in England at all?

Mr. WOOD. No more than I am of my competitors 4 miles away from me in America.

Mr. UNDERWOOD. You have no way to discover about the wage scale there?

Mr. WOOD. I doubt, if I sat down with my friends on the other side, whether they would tell me. I have intended at various times to ask them that question.

Mr. UNDERWOOD. You sell this cast-iron pipe at your foundry at how much at the present time?

Mr. WOOD. At present we are lucky if we get \$24.50, and we will sell you some at \$24 if you want it real badly.

Mr. UNDERWOOD. The cost of pig iron is \$16.90, the cost of labor is \$5.50, that makes it cost you \$22.40, and you sell it for \$24.50, so that you have about \$2 margin to cover everything at the present time.

Mr. WOOD. And are losing. Because of the high tariff which exists, in the last year or two it has built up domestic competition until it is exasperating.

Mr. UNDERWOOD. You testified a while ago about California and Charleston markets. The California markets naturally belong within the zone of the manufacturers in Colorado, and not to the eastern manufacturers, do they?

Mr. WOOD. No; you are incorrect. The California trade is controlled from the southern foundries by the adjustment of freight rates and the cost of raw material.

Mr. UNDERWOOD. How much does Birmingham supply the California market?

Mr. WOOD. I should say that Birmingham took about 85 per cent of the west coast trade.

Mr. UNDERWOOD. And it also takes the southern trade?

Mr. WOOD. It takes the southern trade.

Mr. UNDERWOOD. So that your real competition, so far as your factories are concerned, is practically at the Atlantic seaboard, is it not?

Mr. WOOD. Our natural market, sir, starts on the Chesapeake, and runs perhaps to Harrisburg, up through Albany, and what is east of those points, so that we are, of all the manufacturers, most seriously subjected to the foreign competition.

Mr. UNDERWOOD. But you have got a short haul, where the differential in freight rate is in your favor, to those markets, as against the English market, on iron pipe—I believe you testified to that effect a while ago?

Mr. WOOD. I did not say that.

Mr. UNDERWOOD. Your figures were that way.

Mr. WOOD. I will run over the figures again. Our water rate to Boston, \$1.70, and our rail rate is about \$2.70—

Mr. UNDERWOOD. Right there, allow me to interrupt you. Iron pipe is something that does not have to be hurried in shipment. Of course the freight is lower, and it takes the cheapest rate under ordinary circumstances.

Mr. WOOD. Cast-iron pipe takes nearly the cheapest rate.

Mr. UNDERWOOD. Therefore if you have a water rate, that excludes the freight rate entirely, does it not?

Mr. WOOD. No, sir; not at all.

Mr. UNDERWOOD. Why?

Mr. WOOD. Because there are very few parties who have the wharves for the reception of freight, and the majority of our New England shipments, by all odds, are by rail.

Mr. UNDERWOOD. That is merely a question of private wharves in order to land your goods?

Mr. WOOD. And that is the location of the gas works, the pumping stations from the water tanks—

Mr. UNDERWOOD. I am talking of the point of competition, where you come in direct competition with English cast iron; for instance, in Boston, where they lay it down from the ship and you lay it down at your cheapest freight rate. Your cheapest freight is water, isn't it?

Mr. WOOD. Yes.

Mr. UNDERWOOD. That is \$1.70?

Mr. WOOD. Yes, sir.

Mr. UNDERWOOD. Now, what is the freight on cast iron from the English ports?

Mr. WOOD. That would be according to the exigencies of the steamer. It might be down to \$1.50; but roughly, I should take it, in a general way, at \$2.

Mr. UNDERWOOD. I understood you to say a while ago that the freight ranged from \$2 to \$3 coastwise.

Mr. WOOD. It might be \$4 to \$6.

Mr. UNDERWOOD. Will you kindly state, not what the cheapest rate is or what the highest rate is, but, if you have a knowledge of the facts, what the average rate on cast-iron pipe is from English ports to Boston?

Mr. WOOD. I doubt whether there is enough iron brought in to establish a rate, for it has been practically prohibited, so we have to take the going prices of freight.

Mr. UNDERWOOD. There is at least a dollar's difference in the freight rates in your favor if you ship your cast iron to Boston by water and they come to Boston to meet it?

Mr. WOOD. There might in some cases be that. The question of shipping by water is a question that you can not bring down to an

exact science, as you can by rail, because it depends upon the desires of the vessel for freight.

Mr. UNDERWOOD. Now, if we put pig iron on the free list, the duty on cast-iron pipe would not only be reduced the difference in cost of pig iron, but it could be reduced very considerably more than that, and yet you would have control of your market?

Mr. WOOD. Yes, sir; you are entirely correct.

Mr. UNDERWOOD. To what extent?

Mr. WOOD. What I said was about \$3.

Mr. UNDERWOOD. Three dollars in addition to the differential on pig iron?

Mr. WOOD. That would be ample.

Mr. HILL. I would like to have you clarify one more idea of mine. You said that the higher tariff had built up a domestic competition in your line that was exasperating. Why has not that domestic competition lowered the price instead of raising it for the last ten years?

Mr. WOOD. It has so lowered the price this year that our working-men are without work.

Mr. HILL. I am not speaking of the panic year, but I mean up to 1906. Why did it not lower the price up to that time?

Mr. WOOD. It does lower the price, sir.

Mr. HILL. Has the price been lowered in any respect, excepting to bring it nearer to the cost of pig iron?

Mr. WOOD. That is all. We all have to pay the same price for pig iron.

Mr. HILL. You follow the price of pig iron up?

Mr. WOOD. Yes, sir.

Mr. HILL. It has made your margin of profit lower and lower?

Mr. WOOD. Lower and lower.

Mr. HILL. You have been buying iron for forty years, since you have been in business. In 1888 we made six and one-half million tons. In 1907 twenty-five and one-half million tons. Why didn't we make it cheaper in 1907 than in 1888, considering that we made four times as much? If the increase in competition has had the effect of reducing the price of pipe, why has it not reduced the price of iron?

Mr. WOOD. You have the advantage of having all those tables before you—

Mr. HILL. The increase in the last twenty years has been four times the production of pig iron. Why has not it reduced the price? Why has not the iron fallen in proportion to your price? You say that the effect of competition has been to lower and lower the margin of your profit, and that the increase in price is caused by the increase in the price of iron, which I think is true—and I will say that I am very much gratified at the way you answer these questions, because I want to get information on that subject—but why, in your judgment, has not the same competition lowered the price of iron?

Mr. WOOD. Has it not lowered the price of iron? There have been some years when iron sold at \$60. As I have testified, iron can be bought now at between \$16 and \$17. The exact year when the prices changed could only be known by having the tables before me, you understand. But iron has gone, in my recollection, from \$60 to \$65—

Mr. HILL. It was \$24 last year.

Mr. WOOD. In 1907. The top of the wave was \$24. But it would be unfair to say that the business quotation was \$24.

Mr. HILL. Well, it has steadily increased since 1898, has it not?

Mr. WOOD. It has increased, sir, and perhaps steadily.

Mr. HILL. Why? That is what I want to get at. Please tell me why, in your judgment.

Mr. WOOD. Largely the congestion of labor. The cost of everything has gone up in all particulars, and there has been less competition in the sale of iron.

Mr. HILL. Principally the latter?

Mr. WOOD. The figures will show that. I do not wish to speak off-hand about that.

Mr. HILL. I was simply asking the question with regard to your judgment. I want to get the information.

Mr. CRUMPACKER. Is your company a member of the agreement that was considered by the board in the Boston Pipe Company case?

Mr. WOOD. No, sir; the western and southern pipe makers were the ones interested in that.

Mr. CRUMPACKER. That agreement, I understand, is not binding at all now?

Mr. WOOD. There is none.

Mr. CRUMPACKER. No combination between pipe makers or sellers that you know of?

Mr. WOOD. The only combination is a combination that has been formed by joint ownership of the trust of about ten to thirteen shops.

Mr. CRUMPACKER. How much territory does that cover?

Mr. WOOD. The trust has a shop on the seaboard, a shop at Duluth, a shop at Buffalo, a shop at Birmingham—altogether 13 shops.

Mr. CRUMPACKER. How many independent establishments are there?

Mr. WOOD. Ten.

Mr. CRUMPACKER. What percentage of the product does the trust control?

Mr. WOOD. About 50 per cent, sir.

Mr. FORDNEY. Did I understand you to say that you thought it would be beneficial to the trade if the duty on pig iron was removed?

Mr. WOOD. I should say it would be, sir, on the whole.

Mr. FORDNEY. Is it true that the industry of pig iron needs any protection?

Mr. WOOD. It does indeed, sir, if it has to pay high prices for ore.

Mr. FORDNEY. Suppose the man who produced the pig iron owned the iron mine, would he need protection as against the English pig iron or the foreign pig iron?

Mr. WOOD. Ask the man who makes the pig iron.

Mr. FORDNEY. I understood you to say that it could be removed, and you think that it ought to be removed, but that you ought to have protection on your product. Did I understand you correctly?

Mr. WOOD. I will try to boil down what I said to cover the thought that I think was in your mind.

Mr. FORDNEY. Thank you.

Mr. WOOD. As one looking on the trade, knowing it as one casually knows things in everyday life, it would be a benefit to our particular concern to have a low duty on pig iron, but I do not think that is

possible under existing conditions altogether. I should be sorry to see it made too low, because eastern furnaces who have not the Lake Superior ore supply have to buy their ore on the market, and it would be an injustice to our eastern pig-iron furnaces.

Mr. FORDNEY. I certainly misunderstood you. I did not understand you meaning as you now explain it.

Mr. UNDERWOOD. Suppose the ore was free.

Mr. WOOD. You are now asking me to wander in the realms of everyday discussion without any figures. If ore was free, it would be difficult to transport in ocean-going vessels quite all the eastern furnaces would require. If ore was free it would reduce the cost of pig iron, I should suppose—and I am only speaking roughly, and you will pardon me for trespassing on somebody else's business which I do not know thoroughly—but it would reduce the cost from 45 to 40 cents a ton.

Mr. FORDNEY. Taking into consideration the cost of your raw material and the amount of protection you have on your finished product, can you afford to stand any reduction of duty on pipe?

Mr. WOOD. This rate between pig iron and pipe now is practically \$5. You can reduce it to \$3 without doing the business any injury, excepting the California trade, and perhaps Galveston.

Mr. COCKRAN. Tell us just exactly what reduction you think would be feasible on cast-iron pipe, net.

Mr. WOOD. The trade would be benefited by the reduction of \$2 from the \$5, which it is now.

Mr. COCKRAN. How about the reduction on your finished product?

Mr. WOOD. That is what I am answering.

Mr. COCKRAN. Your duty is \$5—I thought it was \$8.

Mr. WOOD. It is \$5 above pig iron, and that is what we call the trade.

Mr. COCKRAN. Do I understand that you could stand a reduction of \$2, leaving the pig-iron duty where it is?

Mr. WOOD. Yes, sir.

Mr. COCKRAN. How much could you stand it if pig iron were free?

Mr. WOOD. Well, it might be one, two, three, or four—

Mr. FORDNEY. With \$5 reduction, you would lose the Pacific coast trade, you think?

Mr. WOOD. The Pacific coast trade would be lost to the eastern manufacturers, unless it went to the interior points to which the railroads charge excessive rates of freight.

Mr. FORDNEY. Do you control most of the Pacific coast trade now?

Mr. WOOD. That goes to Birmingham.

Mr. FORDNEY. But the factories in the United States do?

Mr. WOOD. The factories in the United States control the Pacific coast trade, speaking in a general way.

The CHAIRMAN. Would the Birmingham factories lose that trade with the reduction of duty?

Mr. WOOD. I should expect that the Birmingham foundries would lose the trade to the seaports on the Pacific coast?

Mr. COCKRAN. Who would get it?

Mr. WOOD. It would probably go to Germany or England.

Mr. COCKRAN. Did you say that you think the cast-iron pipe could be sent from Germany or England to the Pacific coast cheaper than from Birmingham?

Mr. WOOD. Undoubtedly; one is by rail and the other by water.

Mr. COCKRAN. One is about 2,500 miles and the other something like 8,000 miles, is it not?

Mr. WOOD. I would call it 10,000 miles.

Mr. UNDERWOOD. Do you know the distance from Birmingham to Mobile by water?

Mr. WOOD. I do.

Mr. UNDERWOOD. How far is it?

Mr. WOOD. Approximately it is about 200 to 300 miles.

Mr. UNDERWOOD. Two hundred and eighty-eight miles.

Mr. WOOD. That was a pretty good guess.

Mr. UNDERWOOD. Do you know the freight rate?

Mr. WOOD. I do not know exactly, but I should take it to be about \$1.50. I estimate that without speaking from knowledge.

Mr. UNDERWOOD. One dollar to \$1.25.

Mr. WOOD. I thought you meant pipe. Pipe is lower, of course.

Mr. UNDERWOOD. With that freight rate to the sea, is not the freight rate from the English factories nearly that much to the sea?

Mr. WOOD. There is an output in England of about 10 per cent of our output in this country which is right on the seaboard, and without any freight on their pig iron. There is a capacity at Glasgow of about 15 to 20 per cent of what we make in this country, which has largely to get its iron at a freight of about 5 shillings.

Mr. UNDERWOOD. That 5 shillings would be in the neighborhood of the freight from Birmingham to the sea?

Mr. WOOD. Approximately.

Mr. UNDERWOOD. Then, with the freight the same at the point of shipment, is there any reason why the Birmingham manufacturer should not lay the product down as cheaply on the Pacific coast as the English manufacturer, providing he has the ships to do it with?

Mr. WOOD. Your proviso answers that question, sir, entirely; it all depends on the proviso.

Mr. UNDERWOOD. It is a question of ships, and not a question of distance?

Mr. WOOD. Not altogether a question of ships, a question of moving lumber from Mobile. Mobile is a point to which people go expecting to get high rates of freight. It is not a question of ships, but a movement of freight.

Mr. UNDERWOOD. I recognize that myself. The English shipper has an advantage in the fact that he has more tramp ships which go around the world. But what I want to lead up to is this, as to whether, in your opinion, when the Panama Canal is finished, the direct communication with the Pacific coast would not put the Alabama manufacturer of pipe and pig iron and rail in a better position to reach the California market than the English manufacturer?

Mr. WOOD. It is a question which is getting to a very narrow point. It is a question really of how much lumber is going from Mobile, and how much coal is going, and whether the steamer is to go there for the freight or not.

Mr. UNDERWOOD. I am assuming that most of the tramp steamers of the world, when the Panama Canal is finished, will go to the Gulf coast to get coal, and that they will take on surplus freight regardless

of lumber or anything else. They will not simply go for lumber, but for everything?

Mr. WOOD. If you will pardon me for answering that question this way, I will say that it is difficult enough to answer a question as regards the facts, let alone the time when the Panama Canal shall be finished.

Mr. DALZELL. There are no tramp steamers engaged in the coast-wise trade of this country?

Mr. UNDERWOOD. We hope some day that the prohibitive coastwise laws may be taken off. That is one of the monopolies that ought to be removed so that we can do business.

The CHAIRMAN. I do not think it would come very soon if the opposition party was in power.

Mr. CLARK. That is a gratuitous prophecy.

The CHAIRMAN. Can you make this pipe cheaper in Birmingham than on the Atlantic coast?

Mr. WOOD. I wish the trust would tell me, sir. I don't know. But I should rather have white labor than black labor. That is the real analysis of your question.

The CHAIRMAN. I am asking you about the production of cast-iron pipe.

Mr. WOOD. As a finished article?

The CHAIRMAN. The cheaper the pig iron the cheaper the production—is that not true?

Mr. WOOD. The differential between pig iron in the east and the pig iron of Birmingham is about \$4 a ton, \$4 to \$4.50 at the present time, in favor of Birmingham.

The CHAIRMAN. If the labor conditions were equal, they could produce the pipe there at \$4 to \$4.50 a ton cheaper than you can?

Mr. WOOD. You are correct.

STATEMENT OF CHARLES M. SCHWAB, OF SOUTH BETHLEHEM, PA., PRESIDENT OF THE BETHLEHEM STEEL COMPANY.

The witness was duly sworn by the chairman.

The CHAIRMAN. Mr. Schwab, the committee desires to know a number of things that they think you know with reference to the iron and steel schedule. Would you like first to make a statement?

Mr. SCHWAB. No; I have nothing to ask, or nothing to state, Mr. Chairman; but I would be very glad to answer any questions that you have.

The CHAIRMAN. Well, we will see if we can not find something to ask you. You are connected with the Bethlehem Steel Company?

Mr. SCHWAB. I am.

The CHAIRMAN. In what capacity?

Mr. SCHWAB. I am an unfortunate stockholder, as well as president.

The CHAIRMAN. Stockholder and president?

Mr. SCHWAB. Yes.

The CHAIRMAN. Is that one of the branches of the United States Steel Corporation?

Mr. SCHWAB. No connection whatever.

The CHAIRMAN. No affiliation with it?

Mr. SCHWAB. None whatever.

The CHAIRMAN. And you were formerly connected with the United States Steel Association?

Mr. SCHWAB. I am not now, excepting as a stockholder.

The CHAIRMAN. But you were formerly an official there, were you not?

Mr. SCHWAB. I was.

The CHAIRMAN. During what year?

Mr. SCHWAB. About from 1900, I think, to 1905. I am not very sure about the dates.

The CHAIRMAN. A letter has been quoted as having been written by you to Mr. Frick in 1899, stating the cost of the production of steel rails at that time.

Mr. SCHWAB. I think that is correct.

The CHAIRMAN. Is that an authentic letter?

Mr. SCHWAB. It is.

The CHAIRMAN. What did you state was the cost of steel rails in that year?

Mr. SCHWAB. I have not a copy of the letter and——

Mr. HILL. Had we not better have the letter read?

Mr. SCHWAB. If you will, because I haven't a copy of the letter; but I know that I wrote the letter, and I have no doubt that the publication that you have is correct.

The CHAIRMAN (reading):

PITTSBURG, PA., May 15, 1899.

MY DEAR MR. FRICK: You asked me to give my views as to the probable future earnings of the Carnegie interests and as to the proposed reorganization on a basis of \$100,000,000 bonds—\$250,000,000 preferred stock and \$275,000,000 common stock.

Permit me to say that, commencing in 1879 as engineer constructing the works, ten years as general superintendent of our principal works, and over two years as president, I feel that I know the properties and their possibilities as well, or better, than anyone in or out of the concern.

While we have been highly successful in the past, as everyone knows, I believe we are only now getting in shape to be truly successful and truly profitable. Our April profit-and-loss sheet shows earnings slightly over \$1,500,000, with rails netting us only \$17.50 and billets \$18. Lowest prices we ever had, on an average, were \$18.50 for rails and \$14.50 for billets; so, you see, we have reaped very little of the advantages of increased prices. With prices anywhere near to-day's selling prices we could easily make over \$3,000,000 per month, and then our new works to be started in two months will, I estimate on present prices, bring us an additional profit of \$600,000 per month, or a total of \$3,600,000 per month.

As to the future, even on low prices, I am most sanguine. I know positively that England can not produce pig iron at actual cost for less than \$11.50 per ton, even allowing no profit on raw materials, and can not put pig iron into rails, with their most efficient works, for less than \$7.50 per ton. This would make rails a net cost to them of \$19. We can sell at this price and ship abroad so as to net us \$16 at works for foreign business, nearly as good as home business has been. What is true of rails is equally true of other steel products. As a result of this, we are going to control the steel business of the world.

You know we can make rails for less than \$12 per ton, leaving a nice margin on foreign business. Besides this, foreign costs are going to increase year by year, because they have not the raw materials, while ours is going to decrease. The result of all this is that we will be able to sell our surplus abroad, run our works full all the time, and get the best practice and costs in this way.

Very truly, yours,

C. M. SCHWAB, President.

The CHAIRMAN. Was that the letter?

Mr. SCHWAB. To the best of my knowledge that is the letter.

The CHAIRMAN. Were those facts stated in that letter true at the time?

Mr. SCHWAB. Yes.

Mr. CLARK. I hope the chairman will publish the letter.

The CHAIRMAN. Certainly; I will hand it to the reporter and it may be published.

Mr. COCKRAN. It is dated in 1899, you say, Mr. Chairman?

The CHAIRMAN. May 15, 1899. You say it was true at that time, Mr. Schwab?

Mr. SCHWAB. It was.

The CHAIRMAN. That you could produce steel rails at \$12?

Mr. SCHWAB. We did. May I make an explanation, for you are asking questions?

The CHAIRMAN. One moment. I wish to ask you a few questions, and you will have a full opportunity to explain.

Mr. SCHWAB. Very well, go ahead.

The CHAIRMAN. You stated there that you knew positively that England could not produce pig iron at actual cost for less than \$11.50 per ton, allowing no profit on raw materials. Was that true?

Mr. SCHWAB. At that time it was.

The CHAIRMAN. And could not put pig iron into rails, with their most efficient works, for less than \$7.50 per ton?

Mr. SCHWAB. Quite right.

The CHAIRMAN. Which would make a net cost to them of \$19?

Mr. SCHWAB. Quite right.

The CHAIRMAN. While you could make them for less than \$12?

Mr. SCHWAB. Yes, sir.

The CHAIRMAN. So that the relative cost of making steel rails at that time in this country and England was \$7 less here than there?

Mr. SCHWAB. That is not quite right, but very nearly so.

The CHAIRMAN. But substantially so?

Mr. SCHWAB. Substantially; yes.

The CHAIRMAN. Now, Mr. Schwab, we will hear your explanation.

Mr. SCHWAB. First of all, I want to say that that letter was written as an enthusiastic and optimistic young man seeking preferment in a great company.

The CHAIRMAN. Well, what was your age at that time?

Mr. SCHWAB. Well, we will let the worthy chairman guess at that.

The CHAIRMAN. You have no conscientious scruples against stating your age, have you?

Mr. COCKRAN. Better let us know your age, so that we can measure the enthusiasm for truth.

Mr. SCHWAB. Mr. Cockran can be assured that the truth is it was written in an optimistic vein.

Mr. COCKRAN. It is entirely true?

Mr. SCHWAB. Yes, sir; it is. That letter was written from the point of view of a manufacturer's department; in other words, while president of the company, I was particularly in charge of operation and was anxious to make the best showing possible in that department. That \$12 per ton was actual mill cost, and it included none of the general charges which would be incident to any great business.

The CHAIRMAN. What did it include?

Mr. SCHWAB. I am going to tell you. The actual cost of making steel rail, other than interest charges, depreciation, and similar charges, which were always made by the auditing department in making up the yearly report.

The CHAIRMAN. Including the office force?

Mr. SCHWAB. Including the office force at the works but none of the general charges of selling or administration. The English cost did include it; and I will give you this cost in detail, if I may.

The CHAIRMAN. We would be very glad to have the costs right now.

Mr. SCHWAB. I should be glad to do that. Secondly, I went to explain the motive of that letter. The letter was written at Mr. Frick's solicitation. It was at a time when he was anxious to dispose of the Carnegie Company; and it was also written in an optimistic vein for a like reason. If you will bear that in mind in reading that letter, you will probably understand it better.

Now, I will go to the cost—as to how I arrived at a cost of \$12 at that time for making rails, which was quite true then. We were leasing our ores at that time in the Northwest. We were not large owners of ores. We started out to buy them. But we were purchasing and leasing ores, as people familiar with the trade will recollect, at 10 cents and 15 cents a ton. The cost of mining in the Mesaba, because that was about the time the Mesaba ores were being made entirely on the surface and there was no depth mining at all, that was being done at a cost of 15 to 25 cents a ton, so that our cost of ore at the mines at that time was about from 35 to 40 cents a ton. Now, we transported those ores to the lakes for from 60 to 70 cents a ton. We transported them on the lakes for 60 cents a ton, and we transported them from the lakes to Pittsburg for 70 cents a ton more.

Mr. UNDERWOOD. That makes \$2.40.

Mr. SCHWAB. I think that is right—in Pittsburg for these ores. Now, if you will divide by 58 per cent, which was then the average amount of iron in the ore, you will get the cost of the ore to make a ton of pig iron.

The CHAIRMAN. About \$2, is it not?

Mr. SCHWAB. It is more than \$2. If you will divide by 58 you will get the exact figure. Fifty-eight per cent was the contained iron in the ores in that year. It makes quite a difference between 50 per cent and 58 per cent. I will divide it if you like, but I see several members of the committee making the calculation, and I am sure it will be correct.

Mr. DALZELL. Mr. Hill makes it \$4.31.

Mr. SCHWAB. \$4.31. Now you must allow something for loss in that, because you do not get entirely all the iron; some passes over in dust, but it will be approximately \$4.50. In that year it was from \$4.50 to \$5 a ton—\$4.50 nearly—for the amount of ore to make a ton of pig iron.

The CHAIRMAN. About \$4.50?

Mr. SCHWAB. Yes, ore to make a ton of pig iron. Now, the coke was the next thing. It cost us about \$1 a ton to make our coke at the ovens in that year, and we had the coke carried to our furnaces for 75 cents, so that you will have to add \$1.75 for fuel to make a ton of pig iron.

The CHAIRMAN. That is the total coke to make a ton of pig iron?

Mr. SCHWAB. It takes 1 ton of coke to make a ton of pig iron with 58 per cent ore.

Now, I will go on. Then you take the limestone. The limestone in the Pittsburgh pig was carried 14 miles at 10 cents a ton. Our cost of limestone was about 35 cents for each ton of pig iron. If you will add to that about \$1.65, it will cover all the expenses outside of material for making a ton of pig iron, you will have the approximate cost of a ton of pig iron that year.

The CHAIRMAN. What were those expenses, labor?

Mr. SCHWAB. Labor expense, and small things about the works.

The CHAIRMAN. Steam?

Mr. SCHWAB. Well, there was no steam in making pig iron—there was some at that time, but very little. Now, that was the cost of making pig iron in that year. If you will recollect, in that same year Pittsburgh made a great many conversion contracts for making billets, the cost of which is not widely different from the cost of making rails, at \$5 per ton above the cost of pig iron. That \$5 a ton included our profit in those years, and I am not stating anything that is not generally known. If you will add, therefore, about \$3.75 more a ton to that you will have the cost of making rails in Pittsburgh in that year—that is, the mill cost, absolutely. It was about \$12. Now, that would vary from month to month—

Mr. COCKRAN. Do you mean allowing for depreciation and things of that kind?

Mr. SCHWAB. I do not; I mean absolutely the cost at the mill. I stated that at first. My estimate was made up from the mill.

Mr. BONYNGE. You have given each of the items that make that up?

Mr. SCHWAB. I have, but I have not included depreciation, interest, or similar charges.

Mr. BONYNGE. It simply includes those items that you have mentioned, giving the amount of each item?

Mr. SCHWAB. Certainly.

Mr. COCKRAN. That would be \$5 for conversion?

Mr. SCHWAB. I can give you that in detail if you would like.

Mr. COCKRAN. But that \$5 included the profit?

Mr. SCHWAB. We had about a dollar to a dollar and a quarter.

The CHAIRMAN. How much is the total cost of converting pig iron into rails?

Mr. SCHWAB. From \$3.75 to \$4 a ton, that year.

Now, I want to tell you something else about that year. We have taken that part of the cost. We paid common labor that year a dollar a day. The lowest salary I ever received myself up to that time was in that year. There never was a time when we had everything connected with the steel industry on such a low basis as in that year. Men were most anxious for work, and you could get lots of men at from a dollar to a dollar and a quarter a day who would do the work of two men of to-day. The number of men employed in the mills was only one-half what it is under similar conditions to-day. I only speak of some of the things that go to make up the rail rates in that year. If you will read Mr. Carnegie's article on rebates you will see that we had rates in many instances one-third of what they are to-day.

Mr. HILL. Do the same conditions exist in Great Britain in regard to labor with which you made comparison at that time?

Mr. SCHWAB. Quite true; excepting this: At that time, in Great Britain, they had no mechanical appliances such as we had. Our great advantage in cost was because of our ability to mechanically produce things that they did manually.

Mr. HILL. Does that special advantage exist now?

Mr. SCHWAB. No, sir; it does not, for the reason that they have been able to adopt the things that we developed.

Mr. HILL. There is less necessity for a difference in the tariff now than there was then?

Mr. SCHWAB. I will come to that later, if I may go on, because I want to be very frank about the whole situation. I want to point out to you an apparent inconsistency which is not so inconsistent when you come to analyze it; in other words, let me put the question: "If I were writing that letter to-day, at what would I put the cost of steel rails?"

Mr. DALZELL. I was going to suggest that you tell us, in the same detail, what it would cost to-day.

Mr. SCHWAB. I would be very glad to do so. First of all, some seven or eight years ago—no, probably in 1901 or 1902, I am not sure—I testified before one of your committees in Washington that I placed a value on the ores of the United States Steel Corporation of a dollar a ton in the ground.

Mr. RANDELL. In order that I may understand you, are you going to talk in an optimistic vein or a pessimistic vein?

Mr. SCHWAB. I will let you be the judge of that; you may be the judge of that, sir. As I say, I then testified that the ore was worth a dollar a ton. It was then thought to be an optimistic estimate. I would call attention to the fact that since that time ores have not only been sold at a loss at a dollar a ton, but the lowest grade we have. I then spoke of 58 per cent ores, the same kind we have been using. The steel corporation are leasing to-day from the Great Northern Railroad—Mr. Hill—ores, the minimum of which are 89 cents, and in three years will be above a dollar a ton. So I want you to appreciate—

Mr. UNDERWOOD. Is that royalty alone?

Mr. SCHWAB. Yes; without any cost of taking it out of the mines. Now, I can not say accurately—the steel corporation can testify to this—but I think from one-fifth to one-fourth of all the ores that they take out this year will probably come from the properties on which they pay from 85 cents to \$1 a ton royalty. That is first. Secondly, these mines that were formerly shoveling it—I have read in the newspapers some expert testimony on the cost of shoveling out Mesaba ores—but those ores were shoveled out at a cost of from 5 to 10 cents a ton. These mines are much deeper to-day, and much more costly to operate, and I do not believe that the Mesaba ores on an average can be produced to-day, mined to-day, anywhere below 50 cents a ton, and I think the cost is between 50 and 60 cents. You can not buy Mesaba ores to make steel, you must use old ores, or hard ores, and the cost is nearly double that, varying from 75 cents to \$1 a ton.

Mr. COCKRAN. In what proportion?

Mr. SCHWAB. The best proportion is half and half. Please put these figures down, Mr. Hill. You have the cost of the ore in the ground at \$1 per ton, as against our 10 and 15 cents I spoke of. If you will put the cost of mining now at 50 cents per ton; if you will put the cost of getting it to the lakes at 85 cents (I am giving you actual charges now); if you will put the cost of carrying it on the lakes at 70 cents, the cost of unloading and taking it to Pittsburg at \$1, you will have the cost of the ores in Pittsburg.

Mr. HILL. Has the freight rates from the mines to the lakes increased in these ten years?

Mr. SCHWAB. It has.

Mr. HILL. How much?

Mr. SCHWAB. My best recollection is—I have not the exact figures—that it has increased from 60 to 85 cents. And it has increased on the lakes not so much, but from 60 to 70 cents.

Mr. HILL. Then there is an increase of about \$1 in the transportation?

Mr. SCHWAB. Yes.

Mr. HILL. And the United States Steel Company owns and controls the transportation?

Mr. SCHWAB. I can not speak about that. You must ask them about that. Now, if you will divide that by 49, which is the average percentage of iron in the ore brought down last year, you will have the cost of the ore to make a ton of pig iron during these past several years.

Mr. CALDERHEAD. Instead of 58?

Mr. SCHWAB. Instead of 58. We rejected ore up to that time that ran below 58, but now we take all of it that runs as high as 48. The other is not procurable, you can not get it.

The CHAIRMAN. Go on, Mr. Schwab.

Mr. SCHWAB. I would like to have these figures.

The CHAIRMAN. You had better make your own figures.

Mr. HILL. I make it 8.26.

Mr. SCHWAB. Well, I believe in labor saving.

Mr. DALZELL. 8.26, Mr. Hill says.

Mr. SCHWAB. If you will add what I did in the previous instance, the usual loss.

Mr. UNDERWOOD. I have worked it out and make it 8.20.

Mr. SCHWAB. Now, if you will add the usual losses in there you will find that that will be another 50 cents a ton. I allowed a lesser amount before—

Mr. UNDERWOOD. Your figures, then, show the cost of ore at the Pittsburg furnace, to make a ton of pig iron, amounts to \$8.50.

Mr. LONGWORTH. And it was \$4.50 in 1889?

Mr. SCHWAB. Yes, sir; I will give you further details if you desire it.

Mr. GAINES. You are talking about different figures. Mr. Underwood said \$8.50—

Mr. SCHWAB. Well, I added 50 cents a ton. \$8.76 is right.

Mr. HILL. That is right?

Mr. SCHWAB. That is about right.

Now, if you will come to the cost of coking coal, you will find that in those years coking coal in the Connellsville region—I am calling on my memory for this; Mr. Dalzell will probably know better than

I—was about \$600 an acre, and to-day it is worth \$3,000 an acre, the same coal. The cost of coke, therefore, made from Connellsville coal is proportionately greater. These are approximate figures, because it is hard to fix a definite value on those two things. Therefore, I know that coke may not be produced in the ovens to-day under \$1.50 a ton; and—I am not quite sure of this—but I think the freight rate to Pittsburgh is 85 cents, again, on coke. It is within 10 cents.

Mr. HILL. You mean to make a ton of iron?

Mr. SCHWAB. No, I mean that is for a ton of coke. Now, this is a thing I would also call your attention to. In the year I wrote that letter 1 ton of coke made 1 ton of pig iron, because the ores contained 58 per cent of iron. Last year it took $1\frac{1}{4}$ tons of coke to make 1 ton of pig iron, because the ore only contained 39 per cent of iron. Therefore, you must add one-fourth to the value—

Mr. HILL. That is $52\frac{1}{2}$, which would make \$2.62 for the coke.

Mr. SCHWAB. If you will add that to the \$8.50 you have \$11.10, or something like that.

Mr. HILL. Then there is another item, there is labor.

Mr. SCHWAB. There is limestone. It costs 30 cents to mine limestone and \$1.20 to take it to Pittsburgh—\$1.50. And you use about one-half a ton of lime to pig, making 75 cents for your lime for each ton of pig iron. The reason that more lime is used now than in that year is because the ores are leaner now. There is more waste material to flux away. I want to make this—

Mr. HILL. That makes \$12.13 for your cost, eliminating your office force?

Mr. SCHWAB. No; there is another item to go in there yet; you have your labor and your conversion cost, which you can put now at about \$1.25 or \$1.30.

Mr. CRUMPACKER. What is the last item?

Mr. SCHWAB. The labor and charges other than material.

Mr. HILL. How much—\$1.30?

Mr. SCHWAB. About \$1.30. That is about the cost of making pig iron in Pittsburgh to-day. And if you will add the general charges the cost is about \$14. I mean to make a ton of pig iron in Pittsburgh.

Mr. CALDERHEAD. What do you include in general charges?

Mr. SCHWAB. General administrative expenses and similar items.

Mr. HILL. The taxes and insurance?

Mr. SCHWAB. No; the works' taxes have been included in the other.

Now, I would like to make one explanation. There are works and works. Some works can do a little better than other works. But what I have given you is the nearest average of one of the good works of Pittsburgh. My assertion can well be borne out. If you have examined the papers recently you know that nearly all the furnaces in the valley and about Pittsburgh have been shut down this year because, as many of the operators told me, they could not afford to sell pig iron at \$14 a ton. If you have noted, that has been about the market for pig. The pig will cost, for converting it into rails—I do not believe we can convert it from pig iron into rails, in our mill, for less than \$7.50 a ton to-day.

The CHAIRMAN. Making a total cost of \$21.50?

Mr. SCHWAB. About that; yes, sir.

The CHAIRMAN. Fourteen dollars and \$7.50—

Mr. HILL. One moment.

Mr. UNDERWOOD. \$7.50?

Mr. DALZELL. You have made the pig iron cost \$14 up to this time, adding the different items given.

Mr. SCHWAB. Yes, sir; and \$7.50 for converting that into rails.

Mr. DALZELL. That would be \$21.50?

Mr. SCHWAB. Yes; that is about the cost.

Mr. HILL. You gave us the cost of conversion nine years ago as being \$3.75.

Mr. SCHWAB. Quite right; but I am telling you why it is so much more to-day.

Mr. COCKRAN. Let us have that, if you please.

Mr. SCHWAB. Yes. Let us take the question of loss first.

Mr. HILL. Your letter said your cost was going to decrease.

The CHAIRMAN. You said then that your cost was going to be less.

Mr. SCHWAB. Yes; my letter was very optimistic, and one sees things very different sometimes from what the realization is. Let me take the item of loss, Mr. Chairman. I can not give you the exact losses from memory, but they are approximately 10 per cent. Now, 10 per cent on \$8 is 80 cents loss; I mean when you convert iron into steel. You lose the silica and the carbon, which go into the air. Eighty cents loss on that. Now, there is nothing that enters into that that has not increased almost proportionately. The freights on everything you use to convert your pig iron into steel—like ganisters, like refractories, like coke for melting—has gone up two-thirds in many instances.

Mr. COCKRAN. Did you say the freights?

Mr. SCHWAB. Yes; on all the materials for converting pig iron into steel. Labor has increased more than anything else.

Mr. HILL. In your statement just now, in making a ton of pig iron you have made a reduction of 38 cents in the cost for labor.

Mr. SCHWAB. Quite so. Now, I shall tell you why. The labor in making a ton of pig iron is not skilled labor at all. It is common labor. It has not changed, or at least changed very little; and, secondly, the appliances in making pig iron have changed very radically in that period of time, while the appliances for making rails have not changed materially.

The CHAIRMAN. What do you put down as the cost of labor in converting pig iron into steel?

Mr. SCHWAB. There are several methods, so I would have to give you the cost by each method.

Mr. UNDERWOOD. Will you give the cost by the Bessemer method first, and then follow that with the cost by the open-hearth method?

Mr. SCHWAB. I will, if you like; but I would prefer not to. I will tell you the cost of one.

Mr. COCKRAN. If you will give use the figures for both, we will make the comparison.

Mr. SCHWAB. I would prefer not to give you the figures for both.

Mr. DALZELL. How do you make your steel?

Mr. SCHWAB. By the open-hearth method.

Mr. DALZELL. Will you give us the figures for that, then?

Mr. SCHWAB. Yes. The labor cost in the open-hearth part of the process is about 85 cents a ton. In the blooming mill the cost is 40 or 50 cents, and the cost of the rails proper is from \$1 to \$1.25, depending on the section, drilling, and kind of rail. That is the actual

labor at the mill. Of course, there is this to be borne in mind in analyzing the cost of a ton of rails—that there is nothing that enters into the cost of a ton of rails in its finality but raw material and labor.

Mr. CALDERHEAD. What do you mean by the expression “the kind of rail?”

Mr. SCHWAB. There are different sections and weights of rails. If a rail is 50 pounds to the yard it costs more than a rail that runs 100 pounds to the yard.

Mr. HILL. You are speaking of the standard rail?

Mr. SCHWAB. Yes. Then, there are different kinds of specifications.

Mr. CALDERHEAD. Please make that a little plainer.

Mr. SCHWAB. I thought I had made that plain. When I say different kinds of rail I mean different specifications and different patterns and different weights.

Mr. FORDNEY. It costs you more per ton to make rails that run 35 pounds to the yard than to make rails that run 90 pounds?

Mr. SCHWAB. Yes.

Mr. CALDERHEAD. That is what I want.

Mr. SCHWAB. Yes. And then there are other things that also vary the cost.

The CHAIRMAN. Proceed with the remaining items of cost to make up this \$7.50.

Mr. SCHWAB. Against that cost you will have to go through the same calculation as before.

Mr. UNDERWOOD. You have labor at 85 and other items here, which I figure out make a total of \$3.65 for labor and losses.

Mr. SCHWAB. I will have to go further. The open hearth, put that at 80. It takes 100 tons of open-hearth ingots to make 80 tons of rails. So to arrive at the \$7.50 we have to go through a long calculation of percentages that I think you will find pretty difficult.

Mr. UNDERWOOD. You have to add one-fifth of this labor cost, then.

Mr. SCHWAB. Quite so.

Mr. UNDERWOOD. The labor cost would be—

Mr. SCHWAB. You will have to do the same thing with every item that enters into it.

Mr. UNDERWOOD. We have to add 45 cents there.

Mr. SCHWAB. No; 16 cents on labor.

Mr. UNDERWOOD. You said you add one-fifth.

Mr. SCHWAB. One-fifth to 80 cents.

Mr. UNDERWOOD. Oh, that would make \$3.81.

Mr. SCHWAB. Now, the other costs are made up of an infinite number of things. There is the refractories, there is manganese, there is fluxes, there is coal for cokes.

Mr. HILL. But a ton of iron does not make a ton of rails—

Mr. SCHWAB. That is an item of loss.

The CHAIRMAN. What is the manganese?

Mr. SCHWAB. The ferromanganese? That question depends on the specification of the rail. You can put it at 65 cents to 85 cents for manganese.

I do not want to give you these figures offhand and then have you add them up and find that they do not add up exactly \$7.50, but you will find that they will approximate that.

Mr. HILL. Does this include the profit of \$5 a ton?

Mr. SCHWAB. No.

Mr. HILL. As in the previous statement?

Mr. SCHWAB. No.

Mr. HILL. You say you will file with the committee an itemized statement of that cost of the open-hearth steel rail?

Mr. SCHWAB. Yes.

Mr. UNDERWOOD. I would like to have you do that.

Mr. SCHWAB. I will do that.

Mr. UNDERWOOD. If any bill that this Congress may pass goes out to the country and meets with the approval of the country, it has to have facts behind it.

Mr. SCHWAB. I propose to give you the facts. You can do with the tariff, of course, as you see fit.

The CHAIRMAN. I wish you would give us the items—the cost of pig iron, what you allow for waste, the cost of labor, the cost of manganese, the cost of fuel, the cost for steel, the cost for ore—

Mr. SCHWAB. Do you want me to give them to you as you read them off?

The CHAIRMAN. No.

Mr. SCHWAB. I can give them now; I can give every item of cost that enters into it.

The CHAIRMAN. And repairs and maintenance and supplies and tools, miscellaneous and general expenses; the general expenses of the factory, and depreciation.

Mr. SCHWAB. You will have to give me that list.

The CHAIRMAN. I will give it to you.

Mr. SCHWAB. Now, I would like to state this: There has probably not been two months in the last two years in any two mills when rails have cost the same each month. So I will give you a good average cost, not the low cost or the high cost, but a good average cost.

Mr. DALZELL. I think it would be well to give us a statement as to the same things when you wrote that letter in 1899, giving us the items as applying to that time.

Mr. SCHWAB. You mean in writing?

Mr. DALZELL. Yes.

Mr. SCHWAB. I should be very glad to do so.

The CHAIRMAN. Then I would like the details of making pig iron.

Mr. SCHWAB. I have given those.

Mr. CRUMPACKER. Do you know about the cost of manufacturing pig iron and rails in detail in England and other foreign countries?

Mr. SCHWAB. Not as much in detail as I do about the cost in this country.

Mr. CRUMPACKER. Do you know any of the elements of difference in cost and their significance?

Mr. SCHWAB. I am afraid you will have to be a little more specific.

Mr. CRUMPACKER. Well, do you know the comparative cost, as a general proposition, of making pig iron and rails in this country and in foreign countries?

Mr. SCHWAB. To-day?

Mr. CRUMPACKER. Including these years.

Mr. CALDERHEAD. Let him come to that later.

Mr. SCHWAB. I am quite familiar with the other.

Mr. CRUMPACKER. I suggest he put that in his statement.

Mr. SCHWAB. I will offer what I have already said as an explanation of that letter.

The CHAIRMAN. Now, you put the total cost of steel rails—have you got the figures there?

Mr. HILL. \$20.93, I make it now.

Mr. SCHWAB. It ought to be in the neighborhood of \$21.50. It will approximate \$21.50.

The CHAIRMAN. Now, Mr. Schwab, how near is that to the average cost from 1902 down to the present time?

Mr. SCHWAB. I don't know; I would have to go through that. I couldn't give you that from memory. Suffice to say this, Mr. Chairman—let me say this: That in every year since 1900 up to date, in every year the average earnings of the employees of the steel corporation, while I was president, that the average earnings of my own employees have increased each year; there has never been one year that the average has not increased. I have not given the figures for this year yet—

The CHAIRMAN. Do you mean to say that the cost is higher for this year than for the average of the preceding years?

Mr. SCHWAB. I say I have not the figures for this year; this year has not ended yet. But up to this year the earnings of the employees in the steel works—

The CHAIRMAN. What year do you refer to when you speak of the cost as about \$22?

Mr. SCHWAB. This year; the present time.

The CHAIRMAN. What I was trying to get you to do was to compare the present year with the six or eight years preceding this year.

Mr. SCHWAB. The real cost of making rails this year is the highest in ten years, because we have had so few rails to make. In my opinion rail makers will not have made any money on rails this year. That is the reason it is difficult to make a comparison in a year like the present.

The CHAIRMAN. This will answer the question. Do you mean to say that the average cost has not exceeded \$21.50 for the eight years preceding this year?

Mr. SCHWAB. For the eight years, I think it was less than that in 1900. I think the cost has gradually increased.

The CHAIRMAN. Each year?

Mr. SCHWAB. Each year.

Mr. CALDERHEAD. Why is that?

Mr. SCHWAB. Because everything that enters into the cost of rails has gradually increased in that time, and as I stated to you before, the average earnings of the workmen have increased every year since 1900. And so it is with freight.

The CHAIRMAN. Now, can you tell us the average price you have obtained—

Mr. SCHWAB. It has been \$28, always.

The CHAIRMAN. That has been the uniform price?

Mr. SCHWAB. Yes, sir.

The CHAIRMAN. For how long?

Mr. SCHWAB. I can not recall.

The CHAIRMAN. For five or six years?

Mr. SCHWAB. More than that.

The CHAIRMAN. Ever since the organization of the United States Steel Corporation?

Mr. SCHWAB. No. And before.

The CHAIRMAN. Before?

Mr. SCHWAB. Yes; I can not tell you the exact year, but I should say—

The CHAIRMAN. That has been the uniform price?

Mr. SCHWAB. Yes, sir.

The CHAIRMAN. Twenty-eight dollars a ton?

Mr. SCHWAB. Yes, sir.

Mr. CALDERHEAD. Notwithstanding the increase in wages.

Mr. SCHWAB. Notwithstanding that.

Mr. LONGWORTH. What was the price in 1899?

Mr. SCHWAB. I can not recall, but I think \$28.

Mr. HILL. You do not mean to say that the price of rails was \$28 before the organization of the United States Steel Corporation?

Mr. SCHWAB. I do.

Mr. HILL. How long?

Mr. SCHWAB. I don't know.

Mr. HILL. Well, a year?

Mr. SCHWAB. Yes.

Mr. HILL. A year before?

Mr. SCHWAB. Have you the figures?

Mr. HILL. Yes. [Reading: "In 1897, \$18.75; in 1898, \$17.62; in 1899, \$28.12."]

Mr. SCHWAB. That is right. But let me ask you to go back of that.

Mr. HILL. In 1896 the price was \$28.

Mr. SCHWAB. That is the point I want to make. I will tell you the reason for that. In the year we made rails so cheaply we had, as you well know, a very great steel-rail war between all the manufacturers, and prices went the lowest in history.

Mr. COCKRAN. They were not sold at a loss during those years?

Mr. SCHWAB. I think they were by most manufacturers.

Mr. HILL. They would not be sold at a loss according to your figures.

Mr. SCHWAB. They were not sold at a loss to my companies; I stated that in my letter to Mr. Frick.

Mr. COCKRAN. So those figures read by Mr. Hill showed a profit to your concern?

Mr. SCHWAB. A very small profit. When I say \$12 cost, that was mill cost.

Mr. COCKRAN. That was in 1899?

Mr. SCHWAB. Yes, sir. Oh, we made a profit. I said we made a profit.

Mr. COCKRAN. You say a very small profit. Now, you sold them at how much—\$18, was it, Mr. Hill, in 1899?

Mr. HILL. That was the generally quoted price. In 1899 they were \$28.12. In 1898 they were \$17.62.

Mr. COCKRAN. Seventeen dollars and sixty-two cents?

Mr. HILL. In 1897 they were \$18.75.

Mr. COCKRAN. You charged \$28, then, at the time they cost you \$12, and you are charging \$28 now, and now they cost you \$21?

Mr. SCHWAB. That is right. That is absolutely correct. Now, I want to say something about that cost that Mr. Hill has of \$17.62.

It is probably the average selling price of rails that year. You want to know why we made a small profit. I said we; I mean the Carnegie Company. The most of the rails we sold that year were sold delivered at Chicago at \$17.12, and we had to pay the freight to Chicago and didn't have much profit.

Mr. COCKRAN. But some?

Mr. SCHWAB. Yes; I said some profit.

Mr. COCKRAN. You got \$17 and then you go to \$28 without any corresponding increase at all in the cost of production. How do you account for that extraordinary rise?

Mr. SCHWAB. Well, it was time we were making some money.

Mr. COCKRAN. You had been making some before?

Mr. SCHWAB. Any manufacturing concern that goes into business and does not expect to make from 20 to 25 per cent had better not put their money in manufacturing.

Mr. COCKRAN. But here was over 100 per cent.

Mr. SCHWAB. In that special year—

Mr. COCKRAN. I am speaking of that.

Mr. SCHWAB. Yes; quite right.

Mr. COCKRAN. What I want to get at is this: Whether the relation between the law of supply and demand was what fixed your price, or whether you fixed the price at just what you were able to get?

Mr. SCHWAB. That year?

Mr. COCKRAN. I am speaking generally. Take that year. According to your figures, it actually cost about \$12.50 to produce steel?

Mr. SCHWAB. Yes.

Mr. COCKRAN. And you charged \$28 for it?

Mr. SCHWAB. Right.

Mr. COCKRAN. Now, that particular year there had been a combination of some steel manufacturers, had there not?

Mr. SCHWAB. Quite right.

Mr. COCKRAN. There was the Federal Steel Company incorporated, I think.

Mr. SCHWAB. There was.

Mr. COCKRAN. And there was an American Steel and Wire Company incorporated?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. And that was the first year when there had been a consolidation of steel manufacturers?

Mr. SCHWAB. There had been no consolidation of steel-rail manufacturers at that time.

Mr. COCKRAN. Did not the Federal Steel Company produce steel rails?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. But they were themselves a combination of other companies. What I want to get at is this, and I will ask you to correct me if I am wrong. This jump in prices—I do not want to use any expression that is too strong—

Mr. DALZELL. Rise.

Mr. COCKRAN. Well, it was a little more than a rise, a rise in price, gradual ascent; this was at least a little more than gradual; we will call it a jump. This jump from \$17 to \$28 a ton followed a consolidation of several minor companies into some larger companies, did it not?

Mr. SCHWAB. May I correct you?

Mr. COCKRAN. Certainly, if I am wrong.

Mr. SCHWAB. If you will look back several years before that I think you will find the price was \$28 a ton.

Mr. COCKRAN. That was not my question.

Mr. SCHWAB. But you said it took place at that time. It did not take place at that time.

Mr. COCKRAN. I will have to repeat my question. Between the charge of \$17 by the producers, or thereabouts, and \$28, was there not a consolidation or had there not been several consolidations of minor companies into larger companies, of several minor companies into a few larger ones?

Mr. SCHWAB. I can not give you that from memory.

Mr. COCKRAN. About that time?

Mr. SCHWAB. You are probably—

Mr. COCKRAN. Just to refresh your memory—

Mr. SCHWAB. I will tell you very frankly, without all those questions, that we had the steel war in the years already mentioned, and it was ruinous, and the manufacturers got together and agreed to restore the price of rails to their old basis.

Mr. COCKRAN. To end competition that was ruinous would be one thing, but to take advantage of that combination to increase their profit to 100 per cent, or such a matter, would be another thing. I take it that from the small profit that you say you were making under these prices of \$17 and \$18, you then made 100 per cent?

Mr. SCHWAB. That is probably true.

Mr. COCKRAN. Then, to get back to my question: This jump, this leap, from a moderate profit to 100 per cent was coincident with a consolidation of several minor companies into some larger companies?

Mr. SCHWAB. Your conclusions are right, but your premises are wrong.

Mr. COCKRAN. Why are my premises wrong?

Mr. SCHWAB. Because the price of \$28 was established some years before there was any consolidation such as you speak of.

Mr. COCKRAN. Mr. Schwab, I can go back to a time when they were selling at \$60 or \$70, I think.

Mr. SCHWAB. That is true.

Mr. COCKRAN. But I am not—

Mr. SCHWAB. Your conclusions are entirely correct.

Mr. COCKRAN. I am entirely correct as to that?

Mr. SCHWAB. Entirely correct.

Mr. McCALL. When was the United States Steel Company formed?

Mr. COCKRAN. I am coming to that. After this combination of several minor companies into the few larger companies, another war, I think, was threatened, about 1901 or 1902, by the purchase of some land at a place called Conneaut, and an announcement of the Carnegie company that they were going into the tubing business.

Mr. SCHWAB. You are conversant with that?

Mr. COCKRAN. Perhaps somewhat so, but I want to get it accurately from you.

Mr. SCHWAB. The consolidation, as you term it, of the steel corporations in about the year 1901 came about in this way.

Mr. Morgan asked me if Mr. Carnegie wanted to sell his interests in iron and steel; that he then had large interests in the Federal and

other companies. I approached Mr. Carnegie, and Mr. Carnegie said he would sell, and we sold our company to Mr. Morgan under conditions with which you are all familiar. We knew the properties Mr. Morgan controlled and upon which he was to give us a mortgage bond, and that is all there was to it.

Mr. COCKRAN. All there was to it, perhaps, so far as you were concerned, but a little more, I think, so far as the public was concerned. I said, Mr. Schwab, at least I asked you if there had not been an announcement by the Carnegie company that it was going into the making of tubes?

Mr. SCHWAB. It was published in the newspapers that it was going into the making of tubes, because we were.

Mr. COCKRAN. That is a fact?

Mr. SCHWAB. Yes.

Mr. COCKRAN. And you purchased the property at Conneaut for that purpose?

Mr. SCHWAB. It may have been so published.

Mr. COCKRAN. Following that, as I understand it, there was a consolidation of the Federal company and the American Steel and Wire Company—

Mr. SCHWAB. All these companies; yes.

Mr. COCKRAN. And your company?

Mr. SCHWAB. Yes.

Mr. COCKRAN. Now, could you tell us about what the stocks of these companies were—what the value of their property was, for instance?

Mr. SCHWAB. I could not give it offhand.

Mr. COCKRAN. Well, about.

Mr. SCHWAB. I placed at that time the actual value of all these companies at approximately somewhat more than their total capitalization.

Mr. COCKRAN. Yes; that was the value of the property after consolidation.

Mr. SCHWAB. Yes.

Mr. COCKRAN. But you would not contend that these properties were worth as much when they were either actually or potentially competitors?

Mr. SCHWAB. I contend that the actual value of those properties to-day—

Mr. COCKRAN. I am not asking that.

Mr. SCHWAB. But at that time, was quite equal to the capitalization of that time, and is worth very much more to-day than its capitalization.

Mr. COCKRAN. I am afraid you still have not answered.

Mr. HILL. What do you mean by capitalization—common and preferred stock both?

Mr. SCHWAB. And bonds, and all that.

Mr. COCKRAN. Yes; there is no doubt he believed that after the consolidation.

Mr. SCHWAB. I believed it before.

Mr. COCKRAN. Wait a minute. Before this consolidation these various companies owned all the property that the consolidated company owns now, or owned after the consolidation?

Mr. SCHWAB. Quite true.

Mr. COCKRAN. Take, for instance, your own company, you remember that?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. That company was capitalized at how much?

Mr. SCHWAB. We were capitalized at that time, shortly before that, at \$320,000,000.

Mr. COCKRAN. Three hundred and twenty million dollars?

Mr. SCHWAB. Yes.

Mr. COCKRAN. When was that capitalization made?

Mr. SCHWAB. I will have to speak from memory. I should say probably two years before the organization of the Steel Corporation.

Mr. COCKRAN. It was capitalized at \$320,000,000?

Mr. SCHWAB. One hundred and sixty million dollars in bonds and \$160,000,000 of stock.

Mr. COCKRAN. Do you remember at what rate that was put into the steel trust?

Mr. SCHWAB. I can tell you approximately.

Mr. COCKRAN. How many bonds?

Mr. SCHWAB. The bonds were exchanged for bonds at par, bonds for bonds.

Mr. COCKRAN. Yes—

Mr. SCHWAB. The par value of the stock was \$1,000 a share. It was not \$100 certificates, but \$1,000 certificates; and the stock was bought at \$1,500 a share.

Mr. COCKRAN. The stock was bought then at \$150?

Mr. SCHWAB. At \$1,500.

Mr. COCKRAN. That is \$1,500 for \$1,000 certificate, but that would be \$150?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. But putting it in the company, it was put in then at an increase of 150 for the stock, which would mean about \$75,000,000?

Mr. SCHWAB. Quite so.

Mr. COCKRAN. Now, Mr. Schwab, how much money capital had actually been put into that company which was capitalized at the rate of \$150,000,000?

Mr. SCHWAB. I could not tell you from memory; I don't know.

Mr. COCKRAN. About?

Mr. SCHWAB. I don't know.

Mr. COCKRAN. Was there ever \$100,000,000 put into it?

Mr. SCHWAB. Oh, yes. I can not give you those figures offhand. I will tell you why I can not. I do not know that any of us know. The Carnegie company was a partnership; it was not a stock company—

Mr. COCKRAN. I understand, but that would make it easier—

Mr. SCHWAB. And when you ask how much real money was put in the Carnegie company I can only say that the earnings of the company were put in; none of us had any money to put in.

Mr. COCKRAN. That is it, then; now, we have got it.

Mr. SCHWAB. We developed the company—

Mr. COCKRAN. Exactly. So that whatever capital, whatever property, was owned by this company was the result of profits made in the company.

Mr. SCHWAB. Profit and increase in value of their properties.

Mr. COCKRAN. But that was profit?

Mr. SCHWAB. Certainly; certainly.

Mr. COCKRAN. So that practically the whole of that property was the result—I repeat it again—of profit made in the company over and above the dividends that had been drawn out?

Mr. SCHWAB. Well, they were very small.

Mr. COCKRAN. I do not think Mr. Carnegie ever suffered for the need of anything during that time.

Mr. SCHWAB. Some of the rest of us, perhaps, did.

Mr. COCKRAN. He lived in comfort, and I hope you did also. Now, Mr. Schwab, this entire property at that rate was, as you say, the result of the profits made in the business. Do you remember anything about the organization of the Federal Steel Company?

Mr. SCHWAB. Very little; but I may point out something else to you.

Mr. COCKRAN. I would be delighted, Mr. Schwab.

Mr. SCHWAB. At the time we began leasing and acquiring ore properties, many years before the consolidation of the company, we acquired those ore properties at 10 cents a ton.

Mr. COCKRAN. Yes, sir.

Mr. SCHWAB. They gradually increased, and very rapidly increased each year, so that the four hundred or five hundred or six hundred million tons of ore we had represented a very large profit as any other mining industry will that turns out well and for which there is a large demand. Do not forget that in reckoning the profits.

Mr. COCKRAN. Not at all. Let me see if this is a correct statement of the history of the industry at that time: The rails and the products which had been selling at \$17 or \$18 a ton at a profit, after the consolidation of these several minor companies into the few larger companies about 1899—I think it was in the year 1899—was followed by a jump in price to \$28 a ton?

Mr. SCHWAB. A return in price, if you will permit me to correct you.

Mr. COCKRAN. I beg your pardon.

Mr. SCHWAB. A return in price; was followed by a return in price.

Mr. COCKRAN. Yes; you could say equally a return to the price of \$60 or \$70 a ton.

Mr. SCHWAB. That is right.

Mr. COCKRAN. So, if you do not mind, I will choose the word—

Mr. SCHWAB. I do mind very much.

Mr. COCKRAN. Let us compromise and put it both ways.

The CHAIRMAN. Let us get the facts.

Mr. COCKRAN. It has remained at \$28 a ton since, all the time, regardless of the cost of production. Am I right about that?

Mr. SCHWAB. Quite correct.

Mr. COCKRAN. And in 1901, when there was an announcement or threat that there would be some competition through Mr. Carnegie's going into the tubing business, the company going into it, there was another consolidation in which they were all merged in one company, and the price continued the same?

Mr. SCHWAB. Quite correct.

Mr. COCKRAN. Then I understand that in these processes of consolidation your stock was taken in at \$150. Now, since the organization of the steel trust, or the steel company—I beg your pardon, the

United States Steel Corporation—with which you are identified, stocks and bonds were issued, were they not, for all this stock and the bonds of your company?

Mr. SCHWAB. And stock of our company.

Mr. COCKRAN. Yes, that was by preferred stock and bonds both!

Mr. SCHWAB. No, sir.

Mr. COCKRAN. Correct me, then.

Mr. SCHWAB. How?

Mr. COCKRAN. How were you paid for your stock?

Mr. SCHWAB. Mr. Carnegie and most of the partners were paid in bonds for both their bonds and stock. Some of the partners were paid in part bonds and part stock.

Mr. COCKRAN. Which stock?

Mr. SCHWAB. Preferred and common.

Mr. COCKRAN. Well, there was an issue of some \$550,000,000 in stock, was there not?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. Will you tell me how much of that——

Mr. SCHWAB. I can not tell you from memory.

Mr. COCKRAN. I have not finished.

Mr. SCHWAB. I know what you are going to say.

Mr. COCKRAN. If you do, let us state it. I was going to ask how much of that was issued for property and how much represented—well, shall we say, confidence in the future?

Mr. SCHWAB. Of which?

Mr. COCKRAN. The common stock of the United States Steel Company; how much of the common stock was actually issued for property?

Mr. SCHWAB. It was all issued for property.

Mr. COCKRAN. All of it?

Mr. SCHWAB. Yes, that is my recollection of it. It was issued in exchange for other stock which represented property. That is a technical question that you can probably best explain.

Mr. COCKRAN. What is that?

Mr. SCHWAB. You can probably best explain that, the technical part of it. The broad statement I made at that time, and I make it now. Technically I do not know how you interpret it, but the broad statement I make is that the physical value of the Steel Corporation's properties at the time of its organization was equal to its capital stock. I can not make it any plainer than that.

Mr. COCKRAN. But the mere consolidation of these companies resulted in a very great increase in the total amount——

Mr. SCHWAB. Total amount of capital stock.

Mr. COCKRAN. And securities issued against it.

Mr. SCHWAB. And so with every company that has been in the steel business.

Mr. COCKRAN. Now, now, that is the point I want to reach. The mere fact of consolidation, then, in itself, is represented by some portion, and a considerable portion, of the stock that was issued: in other words, you have capitalized the mere fact of capitalization?

Mr. SCHWAB. You say that. I do not think so.

Mr. COCKRAN. I ask you.

Mr. SCHWAB. I don't think so.

Mr. COCKRAN. You say it was a very large increase of the capital on the mere consolidation.

Mr. SCHWAB. You must appreciate that the Carnegie company, with \$160,000,000 of stock at the time of the organization of the steel company, was worth a great deal more than \$160,000,000, and that is why the stock was increased.

Mr. CALDERHEAD. You mean you capitalized the actual property?

Mr. SCHWAB. When we capitalized the Carnegie Steel Company we did; we were a partnership before that.

Mr. COCKRAN. When you issued the stock of the Carnegie company, two years before this consolidation, you capitalized it then for all it was worth, did you not?

Mr. SCHWAB. We did.

Mr. COCKRAN. And then sold it within two years at an advance of 50 per cent?

Mr. SCHWAB. Oh, no; we did not. We sold the stock at an advance of 50. That would be an advance of 25 per cent on the whole—

Mr. COCKRAN. But 50 per cent on the stock?

Mr. SCHWAB. But you asked me how much advance there was on the property?

Mr. COCKRAN. No; I did not.

Mr. SCHWAB. I misunderstood you, then.

Mr. COCKRAN. What I wanted to get at was how much additional securities were issued against the mere fact of consolidation. Now, as far as you are concerned, your stock was increased 50 per cent?

Mr. SCHWAB. No; it was not.

Mr. COCKRAN. You said so—

Mr. SCHWAB. The stock, but not the value.

Mr. FORDNEY. May I interrupt for a moment? Will the witness be heard again after we adjourn at 12 o'clock?

Mr. SCHWAB. I hope not. Can you let me off, Mr. Chairman?

Mr. FORDNEY. I wanted to ask a few questions, and the gentleman had gone pretty thoroughly into it.

The CHAIRMAN. There are a number of things that are material that we want to ask before we get through.

Mr. COCKRAN. Mr. Schwab, I ask you this again, now. You were given 50 per cent more stock than you had issued yourselves; that is to say, you took in payment the steel stock and bonds?

Mr. SCHWAB. Quite right.

Mr. COCKRAN. At 50 per cent more than the stocks you put in. How much common stock was given for all that—how much common stock was there in that?

Mr. SCHWAB. I can not give you that for the reason—it is a matter of record.

Mr. COCKRAN. It is a matter of record?

Mr. SCHWAB. I think so.

Mr. COCKRAN. If it is, it will save time.

Mr. SCHWAB. I think each of the partners in the Carnegie Company had the option to take these different things, but I can not tell you from memory which things they took.

Mr. COCKRAN. Tell us what the option was; what was the option each partner was getting?

Mr. SCHWAB. The option of each partner was that he could accept his pay all in bonds or half bonds and half stock.

Mr. COCKRAN. You mean to say that each partner had the choice of that?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. And do you mean to say that some took common stock—

Mr. SCHWAB. No; I will not say each partner—the minority partners, up to a given amount.

Mr. COCKRAN. Would you have this committee understand that partners who were given choice between taking bonds and common stock took common stock?

Mr. SCHWAB. No; I misstated that.

Mr. COCKRAN. Yes.

Mr. SCHWAB. Let me put this clearly. Mr. Carnegie would accept nothing but bonds—

Mr. COCKRAN. How much bonds did he get?

Mr. SCHWAB. You will have to ask him that; I don't know.

Mr. COCKRAN. What did you take for your stock?

Mr. SCHWAB. I took a certain number of bonds. I took bonds for my bonds, and my recollection is—I am not sure—that I took part bonds and part stock for my stock.

Mr. COCKRAN. Which stock?

Mr. SCHWAB. Some preferred and some common.

Mr. COCKRAN. I want to get the proportion.

Mr. SCHWAB. I don't remember it.

Mr. COCKRAN. You can not state that?

Mr. SCHWAB. I can not state it.

Mr. COCKRAN. You could, I suppose—

Mr. SCHWAB. If I looked it up I have no doubt I could.

Mr. DALZELL. Is that very important?

Mr. COCKRAN. I will state what the purport of it is. I think it is very important in this inquiry. I want to show, if I may, I want to ask this witness whether the mere fact of this consolidation and the right practically to be able to charge \$28 a ton was valued in the incorporation at \$550,000,000.

Mr. SCHWAB. It was not valued at anything.

Mr. DALZELL. That is a conclusion, and he has given you the fact.

Mr. SCHWAB. I have given you all I know.

The CHAIRMAN. We will have to take a recess now, and we will ask you to come back here at 2 o'clock.

Mr. SCHWAB. Could you not excuse me?

The CHAIRMAN. We will adjourn until 2 o'clock.

(Thereupon, at 11.45 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS.

STATEMENT OF CHARLES M. SCHWAB—Continued.

The CHAIRMAN. Mr. Schwab, I want to ask you if you can tell us the price of the production of steel abroad?

Mr. SCHWAB. Merely in a general way, Mr. Chairman; only in a general way.

The CHAIRMAN. You seemed to have a pretty clear idea about it in 1890.

Mr. SCHWAB. I try to have to-day, also.

The CHAIRMAN. What information or knowledge have you now on the subject?

Mr. SCHWAB. I could not give you the same detail that I did of iron manufacture. I can give you a good general estimate of the cost abroad. For example, I know that pig iron can be produced in different parts of Germany at from \$9.50 to \$12 a ton to-day, depending upon the location and character of the pig.

The CHAIRMAN. Against \$14 here?

Mr. SCHWAB. About \$14 to \$14.50 here. I think the freight is about \$2.50 on an average.

Mr. DALZELL. You mean from Germany?

Mr. SCHWAB. Yes; that is, the German pig iron.

Mr. DALZELL. You mean the freight from Germany is \$2.50?

Mr. SCHWAB. Yes, sir; not much more than that.

The CHAIRMAN. The cost of converting into steel?

Mr. SCHWAB. The cost of converting that into rails in Germany is about the same as it is here.

The CHAIRMAN. So the difference in cost is the difference in the cost of the pig iron?

Mr. SCHWAB. The difference in cost is to-day about the difference in the cost of the pig iron.

The CHAIRMAN. That is in Germany. How about England?

Mr. SCHWAB. England is probably just a little cheaper, although it is not widely different. If they get their ore from Spain, they make it probably about the same as Germany. If they have local ores, perhaps they make it a little cheaper.

The CHAIRMAN. What is the main reason for the additional cost of the pig iron here?

Mr. SCHWAB. Raw materials and freights being higher.

The CHAIRMAN. Their iron is nearer their coal mines?

Mr. SCHWAB. Yes. They assemble it cheaper than we do. They assemble their materials cheaper than we do.

The CHAIRMAN. I do not suppose they do it any cheaper than we can at Birmingham?

Mr. SCHWAB. No; we do it cheaper at Birmingham than they do in England.

The CHAIRMAN. You think the cost of pig iron in Birmingham would be less than the cost in England?

Mr. SCHWAB. I know it would be.

The CHAIRMAN. The cost of converting the steel is about the same?

Mr. SCHWAB. In Birmingham it is about the same.

The CHAIRMAN. Can you give us any information on other branches of the steel industry?

Mr. SCHWAB. What one, for example?

The CHAIRMAN. Well, any.

Mr. SCHWAB. Yes; I shall be glad to answer you. I am here for that purpose. I shall be very glad to give you any information you desire.

The CHAIRMAN. What do you say about billets?

Mr. SCHWAB. Billets and rails are nearly in the same class. It costs about \$1 a ton more to make rails than to make billets; otherwise there is no difference.

The CHAIRMAN. How about structural steel?

Mr. SCHWAB. Structural steel costs about \$3 a ton more to make—\$3 to \$4 more than rails. Steel plates likewise are in about the same class.

The CHAIRMAN. Tin plates, for instance?

Mr. SCHWAB. I could not give any information about them.

The CHAIRMAN. We have pretty full information about those. What else do you manufacture?

Mr. SCHWAB. In steel lines?

The CHAIRMAN. Yes.

Mr. SCHWAB. You have covered the field pretty well, unless you go into specialties. I mean by specialties tools, forgings, axles, wheels, and minor branches of the steel industry. Other than that you have covered the field pretty well. I can not give much information about wire. I have been out of touch with that for some years.

The CHAIRMAN. Do you make wire rods?

Mr. SCHWAB. I do not.

The CHAIRMAN. Any other information you can give us with reference to the steel industry we shall be glad to have.

Mr. SCHWAB. If there is anything specific you want to know—any specific question you will ask me, I will do the best I can to answer you.

Mr. HILL. I would like to ask a few questions. You were president of the United States Steel Company from 1901 to 1905?

Mr. SCHWAB. Yes, sir.

Mr. HILL. I want to ask you this question: With other things remaining equal, would the removal, in part or in whole, of the duty on steel rails affect the price?

Mr. SCHWAB. I want to answer that question, because it is a very important one—a question to which I have given a great deal of thought and is the gist of this whole thing. This is my opinion only. With every condition equal, a steel rail can be made as cheaply in the United States as in any part of the world. The cost of making a steel rail depends entirely on two things, and only two things. The first is raw material and the second is labor, and nothing else enters into it. Give us the same conditions with reference to raw material and labor as in other parts of the world, and rails will cost us the same, and we will not need any tariff; but if you want to keep the transportation cost up, if you want to keep supplies up, the refractories and the numerous things that go into steel, the main cost of which is labor; and you want to conserve your raw materials, which has been a much agitated subject recently, you will have to protect us with a tariff or put us in the same situation they are abroad.

Mr. HILL. I want to ask you, simply as a business proposition—I asked you that question simply as a leader to another question—is the price of steel rails fixed for the world in the United States?

Mr. SCHWAB. Not that I know of.

Mr. HILL. Is it not fixed by the International Rail Syndicate in London?

Mr. SCHWAB. If it is, I know nothing of it, and I know I manufacture rails and I am not a part of it. I mean I have never heard of it.

Mr. HILL. I know that, but I want to read a statement from our consular report, and I would like your opinion or your knowledge in regard to it. It is an official report of the United States consul, who is quoting from a book by Mr. J. Stephen James on the steel industry, and he says finally:

The United States Steel Corporation, the German Steel Syndicate, and the International Rail Syndicate, which last has its headquarters in London, controls the output of some 4,000,000 tons of rails annually in the United States, Germany, and the United Kingdom.

Have you any knowledge concerning that?

Mr. SCHWAB. I have heard of the two syndicates, the German Steel Syndicate and the International Rail Syndicate. They are well known all over Europe. As to the alliance between those two syndicates and the Steel Corporation I know nothing, nor have I heard of anything.

Mr. HILL. In 1905, when you were president of the United States Steel Company, there were shipments of steel rails made from Baltimore as low as \$18.60 a ton.

Mr. SCHWAB. Quite right.

Mr. HILL. Was there any profit to the company on that shipment?

Mr. SCHWAB. I can not say, except that I know this, that in 1901, when I was president of the Steel Corporation, the conditions, as they existed in 1901, as I think I said before the Industrial Commission, the removal of the entire tariff would not hurt us. I want to point out distinctly and clearly as I did in the explanation of my cost this morning, that the conditions between that time and the present time have very materially changed. If we want to go back to those conditions and put our raw materials in at those low figures and reduce our labor and other expenses as we did at that time, personally I would not care whether there was a tariff or not.

Mr. HILL. Since 1901 the uniform price of steel rails in the United States has, without any variableness or shadow of turning, been \$28?

Mr. SCHWAB. Quite right. It was fixed, I think, along about—I can not be sure about this—1895 or 1896 originally, but about that time the price of \$28 per ton for steel rails was fixed by agreement of all the rail manufacturers in this country, or most of them. It went along until this great break came in 1897 or 1898—I am not sure of that year—and that continued for a couple of years. The price of rails was again fixed at \$28 at that time, and it has never changed.

Mr. HILL. And all parties are selling at that price?

Mr. SCHWAB. Absolutely, so far as I know.

Mr. HILL. How does it come about that steel rails have for the last five years remained at \$28 without any collusion with anybody else?

Mr. SCHWAB. I will tell you. Take the present times as the best illustration. There is not a manufacturer of rails in the United States to-day—I, for example, as a rail manufacturer, feel that if I were to vary that price of \$28 for rails, which seems to have been recognized by all rail manufacturers as a fair price, and giving a fair profit—if I were to vary that 10 cents a ton to-day I would precipitate a steel war, to use such a word or expression, that would result

in running my works without any profit. Everybody, by tacit and mutual understanding, feel the same thing about that. I would not vary the price of my rails under any circumstances, not if I knew it was to get 100,000 tons in orders, for the reason that my competitor next door would put the price down to \$1 a ton, or half a dollar a ton even, and we would be in a position where we would be running without any profit at all.

Mr. HILL. You think absolute uniformity for the last few years in price of steel rails at \$28 is without agreement?

Mr. SCHWAB. Absolutely.

Mr. HILL. Without collusion between the parties?

Mr. SCHWAB. Yes. I will say—

Mr. HILL (interrupting). Now, in 1901, when you were president of the United States Steel Corporation, shiploads of rails were sent to Vladivostok and to the East for construction of the Trans-Siberian Railroad.

Mr. SCHWAB. Quite so.

Mr. HILL. Have you any objection to stating what the price was?

Mr. SCHWAB. No. If I knew, I would very gladly state. I can probably get the information. My recollection is—

Mr. HILL. I want to say, frankly, the prices in Baltimore were on the left-over end of an Argentine contract from some previous years, an unfinished contract.

Mr. SCHWAB. I think the price was about \$21 at Baltimore, was it not?

Mr. HILL. There were two shipments, one at \$21.80 and one at \$18.60.

Mr. SCHWAB. My best recollection was it was about \$21. For years I have exported great quantities of rails, and similar things during that period, at low prices, without profit, or, at least, with very little profit, because it enabled me to make my home product just that much cheaper. That is an old argument, and I do not need to go into that, but it is a true one.

Mr. HILL. While you were president of the United States Steel Company, was there any agreement made with the United States Steel Company that it would not ship abroad tin plate in excess of the amount of the previous years if a certain amount of black plate were bought from them by the Welsh manufacturers?

Mr. SCHWAB. That is not true.

Mr. HILL. You have heard that statement before, have you not?

Mr. SCHWAB. I never have.

Mr. HILL. There was no agreement between the United States Steel Company and any foreign concern during your term?

Mr. SCHWAB. No, sir.

Mr. HILL. Was there any international agreement with reference to wire nails?

Mr. SCHWAB. No agreement with reference to any manufactured article of the steel corporation while I was its president.

Mr. HILL. I am very glad you know that.

Mr. UNDERWOOD. Mr. Schwab, the cost of making pig iron in Germany is considerably higher than it is in England, is it not?

Mr. SCHWAB. There is not so much difference.

Mr. UNDERWOOD. Is not the transportation charge to the furnace for ore and coke much higher than it is in England?

Mr. SCHWAB. In Germany?

Mr. UNDERWOOD. Yes.

Mr. SCHWAB. No, sir.

Mr. UNDERWOOD. I thought the mines were not located so conveniently for manufacture.

Mr. SCHWAB. Those with which I am familiar, in Lorraine and in Luxemburg, have their coal and coke very close together. They make about the cheapest pig iron in that part of Germany of any. The materials to make pig iron are not widely separated in Germany.

Mr. UNDERWOOD. In England it is necessary for a good many of the plants there to bring their ore from Spain, is it not?

Mr. SCHWAB. It is.

Mr. UNDERWOOD. Is that cost of transportation high?

Mr. SCHWAB. Not so high. Of course, the greater part of it is so transported. Large manufacturers at Cardiff and through that part of Wales bring their ore there cheaper.

Mr. UNDERWOOD. The price you gave us this morning of the cost of making pig iron and steel rails was the cost without any profit to the manufacturer?

Mr. SCHWAB. It was. I want to make one correction about that, that I think I neglected to state this morning, and that is that the cost which I gave you was the Bessemer steel rail.

Mr. UNDERWOOD. It was?

Mr. SCHWAB. Yes, sir; the Bessemer steel rail.

Mr. UNDERWOOD. Instead of the open-hearth?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. You stated this morning you did not want to make a comparison of the two, and I do not want you to do so unless you can; but if you can do so, will you state whether the Bessemer rail costs more or less?

Mr. SCHWAB. The open-hearth rail costs about \$2 a ton more than the Bessemer rail costs.

Mr. UNDERWOOD. Would you mind describing to the committee the difference in the process of manufacture?

Mr. SCHWAB. You mean technically describing it?

Mr. UNDERWOOD. In as few words as you can.

Mr. SCHWAB. Raw pig iron contains about 3 to 4 per cent of carbon and 1 to 2 per cent of silicon. Steel contains only a trace of these two elements. In order to make steel, it becomes necessary to remove the carbon and silicon. In the Bessemer converter they are removed by the introduction of air, which combines with the carbon and silicon in the pig iron and burns them out, producing steel. In the open-hearth process the carbon and silicon in the pig iron are removed by contact with oxygen in iron ore; that is, liquid iron ore is brought into contact with liquid pig iron, and the oxygen combines with the carbon and silicon and produces steel. Those are the two processes, briefly described.

Mr. UNDERWOOD. In making the Bessemer steel, you put the molten iron into the converter and blow the air into it?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. That process takes how long?

Mr. SCHWAB. For a single heat?

Mr. UNDERWOOD. Yes.

Mr. SCHWAB. Ten minutes.

Mr. UNDERWOOD. For a single heat in the open-hearth process you put it into a converter—

Mr. SCHWAB (interrupting). No; in a furnace. Then you boil it. You boil it in contact with oxygen in some form.

Mr. UNDERWOOD. How long does that process take?

Mr. SCHWAB. Ten to twelve hours.

Mr. UNDERWOOD. Now, the duplex process?

Mr. SCHWAB. That is a combination of the two. They remove part of the silicon in the Bessemer converter and part of it in the open-hearth. That is the practice in Alabama.

Mr. UNDERWOOD. The duplex process would be more costly than the Bessemer and less costly than the open-hearth?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. How long would it take to boil it out in the duplex process?

Mr. SCHWAB. About half the time it would take in the open-hearth process.

Mr. UNDERWOOD. So it is the length of time your furnaces are engaged in operating these different processes that makes the difference in cost?

Mr. SCHWAB. Not entirely. The cost of making pig iron in the Bessemer converter is more expensive than the cost of making pig iron for the basic. Pig for Bessemer must contain phosphorus, while pig iron for the basic may—

Mr. UNDERWOOD (interrupting). That is due to a difference in the cost of your ore?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. The cheaper ores can be used for the basic process and the more costly ores must be used for the Bessemer?

Mr. SCHWAB. That is quite true.

Mr. UNDERWOOD. Then the price that you gave of making pig iron in Germany and in England was the actual cost without counting in anything for the profit of the manufacturer?

Mr. SCHWAB. It was.

Mr. UNDERWOOD. You gave the freight rates from Germany to this country on pig iron at \$2.50.

Mr. SCHWAB. That is approximate. It varies very much.

Mr. UNDERWOOD. Yes; I understand that. Approximately, what is it from England?

Mr. SCHWAB. I think it is about the same—\$2, probably.

Mr. UNDERWOOD. On steel rails, what would it be?

Mr. SCHWAB. Very nearly the same—from \$2 to \$3. I have seen it much higher and have seen it much less, but that is probably an average price.

Mr. UNDERWOOD. In regard to competition at present in steel rails or pig iron—I mean material competition—by the foreign manufacturers with this country, is there any?

Mr. SCHWAB. No; for this reason: As a rule the buyers of rails in this country want to get their rails from the people who patronize their railroads. A railroad in this country would naturally rather pay a dollar more for its rails from a man who manufactures on its line of railroad, and therefore there is not much competition in rails in this country. The competition in rails is in countries where we

have a mutual field of competition—South American, Siberia, or similar countries.

Mr. UNDERWOOD. Under ordinary circumstances that same condition is true as to pig iron, is it not?

Mr. SCHWAB. There is not much consumption of pig iron there.

Mr. UNDERWOOD. In figuring the pig iron in this estimate which you made, you figured on the molten pig iron carried to the steel plant.

Mr. SCHWAB. The difference in cost is very little. It is not over 10 cents a ton. It costs about 10 cents a ton—from 10 to 15 cents a ton—to cast molten pig iron into cold pig.

Mr. UNDERWOOD. Does that include removing it from the stock house?

Mr. SCHWAB. From the furnace to the casting. It is all done by machinery, and the loading of it in the cars after cast will be covered by the 10 or 15 cents a ton.

Mr. UNDERWOOD. In the manufacture of iron bars, as compared with steel bars, is it cheaper or more expensive to produce steel bars than iron bars?

Mr. SCHWAB. If you were to produce iron bars from pig iron it would cost more than steel bars would cost; but iron bars are not produced in that way. Iron bars are produced to-day by the purchase of old iron scrap that has accumulated over many years of iron manufacture, that has no real use for market, and so they are able to produce iron bars somewhat cheaper to-day than they can produce steel bars.

Mr. UNDERWOOD. There is another question I want to ask you. I notice that in the world's production of pig iron the production in Germany has developed very much more rapidly than it has in Great Britain.

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. I believe the world's production for 1907 was about 61,000,000 tons. Great Britain produced about 11,000,000 tons and Germany about 13,000,000 tons, whereas in 1900 Great Britain produced 8,000,000 tons and Germany 8,000,000 tons. Is the cost of production in Germany any greater than in Great Britain, so that the cost has brought about the development of the German production so much in excess of the British production?

Mr. SCHWAB. That is a difficult question to answer, but I will give you my view on it very generally. The Germans have made the greatest advance in economic metallurgy of any nation in this world during the last five years. They have utilized their by-products to a greater extent than any other manufacturing nation. Not only that, but they have developed their mechanical appliances with reference to manufacturing to an extent that no other nation has, and they have developed their quality to a greater extent than any other nation during these past five years. In other words, manufacturing in Germany five years ago seems to have had a complete renaissance, and they have advanced very much more rapidly than any other nation for the reasons I have given. For two reasons, the first, the very excellent technical education of their metallurgical engineers in Germany; the second and most important, the labor conditions in Germany as compared with the conditions in England. I think the

labor conditions in England are the worst of any of the great manufacturing countries of the world.

Mr. COCKRAN. Worse in what way?

Mr. SCHWAB. That is a delicate subject to talk about. I would rather say nothing about it. I mean for the manufacturer, making cost higher, difficulty of getting production per man, and the difficulty of introducing modern machinery.

Mr. UNDERWOOD. I want to ask you if during the last decade the German Government has not given to manufacturers of iron and steel products a bounty?

Mr. SCHWAB. I can not speak of that. But I do know that no government in the world has given its manufacturers in iron and steel the same encouragement and advantages that Germany has given.

Mr. UNDERWOOD. You are not familiar with that bounty?

Mr. SCHWAB. I can not speak of the bounty. I am not sufficiently familiar to know what it is.

Mr. HILL. You know there is a bounty?

Mr. SCHWAB. Yes, sir.

Mr. HILL. But you do not know the amount?

Mr. SCHWAB. No; I can not tell.

Mr. UNDERWOOD. The reason I asked the question was to find out if the large exportation that has come from Germany and gone into competition with England was not to a large extent due to the bounty given by the German Government.

Mr. SCHWAB. The advance in German steel manufacture in the past few years has been on account of the untiring effort of the German Government in every way, in its diplomatic and consular service throughout the world, to push and promote German manufactures. Wherever you go, to South America or any part of the world, you will find the whole country and its consular service, and every part of it, devoted to the sale of German steel goods and interesting themselves in it.

Mr. UNDERWOOD. If we were to write a minimum and maximum tariff here, and do not give the minimum rate to any country that gave a bounty for the development of their products, would not that relieve us to a great extent from German competition?

Mr. SCHWAB. I do not know about that. I would have to think about that.

Mr. UNDERWOOD. If you come to a conclusion about it, I will be glad to have it.

Mr. SCHWAB. That is a new thought, and I have not considered it at all.

Mr. UNDERWOOD. I will be glad if you will consider that question, because I think it is a material one.

Mr. SCHWAB. It is, indeed.

Mr. UNDERWOOD. Now, I want to ask you about the sale of your steel rails abroad. You sold a large amount abroad?

Mr. SCHWAB. Not very large, no. I can not give you the figures offhand. You no doubt have the figures here. They are a matter of record, but it is not a very large quantity. When I say abroad, I mean all countries other than the United States.

Mr. UNDERWOOD. Have you gone into the European countries with rails?

Mr. SCHWAB. No; very few, at least.

Mr. UNDERWOOD. It has been in the Orient?

Mr. SCHWAB. Countries open to competition; yes. The tariff of Germany and France and Austria is so high we can not ship the products in there.

Mr. UNDERWOOD. The reason you can not get into French markets is that France applies her maximum rate against American iron and steel products?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. And she gives Belgium and England her minimum rate?

Mr. SCHWAB. Yes; that may be.

Mr. UNDERWOOD. If we had a maximum and minimum tariff bill, by which we could get the French minimum rate, would not there be an opportunity—

Mr. SCHWAB (interrupting). There might be. That is a new thought for me, I must confess, and I have not considered it at all.

Mr. UNDERWOOD. I would like to have your opinion about that.

Mr. SCHWAB. I shall be very glad to think about it, sir.

Mr. UNDERWOOD. Your company does not make any pig iron for sale at all?

Mr. SCHWAB. The Bethlehem Steel Company?

Mr. UNDERWOOD. Yes.

Mr. SCHWAB. Yes, sir; we do.

Mr. UNDERWOOD. Do you export any?

Mr. SCHWAB. None whatever.

Mr. UNDERWOOD. Do you know anything about the exportation of pig iron in recent years?

Mr. SCHWAB. I do not.

Mr. UNDERWOOD. There is one other question I desire to ask. In answer to the chairman, you stated there were some other products of iron and steel which you made besides steel rails. Will you enumerate those and give the cost of the manufacture of those?

Mr. SCHWAB. One of the most important is steel plates. Another very important item—

Mr. UNDERWOOD (interrupting). Give the cost as you go.

Mr. SCHWAB. The cost of plates and the cost of all steel structural shapes—that is, rolled products—in round figures, is about \$3 a ton above the cost of rails. There is a great variety of specifications and qualifications with reference to these special grades of steel that make their cost very considerable, but I am taking the common standard shapes. I mean by that, columns for buildings, girders for buildings, or plates for ships, or any similar line, and you can reckon that as a general thing the cost is about \$3 to \$4 a ton above that of rails.

Mr. UNDERWOOD. You also make car wheels?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. What is the cost of those?

Mr. SCHWAB. That is a great variety of cost. Common cast-iron wheels are made at very low cost, while the steel-rolled wheels are three times the cost of cast-iron wheels. If you will specify a specific kind, I can give you the cost.

Mr. UNDERWOOD. What is the difference between this country and your foreign competitors, the English manufacturers, on those items?

Mr. SCHWAB. I can not give it; I do not know.

Mr. UNDERWOOD. You are not familiar with that?

Mr. SCHWAB. No, sir; I am not sufficiently familiar with that. The important factors are those I have given you—structural shapes of all sorts, bars, and rails. Steel wire I am not now sufficiently familiar with to give any data.

Mr. UNDERWOOD. Could this committee, if it sees proper to reduce the duty on steel rails and pig iron, taking the figures you have given to base their reductions on, safely make a similar reduction on the other products?

Mr. SCHWAB. Yes, sir. My view of that is this; you can take the tariff off altogether if you want to, and we will be able to compete anywhere, but we have to put the conditions in a similar form. We have to put labor on a similar basis. If you will go into the detailed amount of labor entering into the cost of making steel you will find it is practically everything but the cost of the raw material in the ground. Reduce those labor items along the line—I mean the labor of all the people who furnish fire bricks and refractories and supplies and waste and oil and coal, and everything that goes into the steel, and you will be able to put us on a basis with our natural resources, putting them in at the same price as anybody else's, to compete with the world free, and it will make a very radical and decided change in everything pertaining to the manufacture in America.

Mr. HILL. Right on that very point, is the tariff fairly balanced between pig iron and steel rails? With \$4 a ton on pig iron, is not the remaining \$3.84 an excessive tariff on the transferring of that into rails?

Mr. SCHWAB. I could not answer that offhand. I would have to figure that a little.

Mr. HILL. Will you kindly look over the iron and steel schedule and point out to the committee in writing any unbalanced items, in your judgment?

Mr. SCHWAB. The only ones with which I am familiar are the ones I have mentioned, and those are the important items which I have mentioned—structural items, rails, and so forth. I think the differential there is all right.

Mr. HILL. That is the duty on pig iron of \$4 is fairly adjusted on bars at \$3.10?

Mr. SCHWAB. No; I am speaking of the difference between rails and structural steel plates and similar things.

Mr. HILL. You think it is fairly balanced?

Mr. SCHWAB. I do think it is fairly balanced between these two things, considering the cost of making them.

Mr. UNDERWOOD. Let me call your attention to the question of balancing these two duties. As you stated a while ago, almost this entire proposition is dependent on the labor cost, except the cost of the raw material?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. This morning you stated the cost of pig iron was \$13.43?

Mr. SCHWAB. Yes; under present conditions.

Mr. UNDERWOOD. Added to that is \$7.70 for converting into steel rails, amounting to about \$21.50?

Mr. SCHWAB. Quite right.

Mr. UNDERWOOD. Now, the duty on pig iron is \$4?

Mr. SCHWAB. Yes.

Mr. UNDERWOOD. Four dollars stands as a protective tariff to protect \$13.43 worth of cost of product of the pig iron. The duty on steel rails is \$7.84, or nearly double the protective duty on pig iron, and yet the labor cost or the cost of manufacturing the steel above the pig iron is only \$7.50, or almost half as much.

Mr. SCHWAB. But the cost from the pig iron to the rails is all labor.

Mr. UNDERWOOD. So it is from the ore.

Mr. SCHWAB. No; the cost of making pig iron is made up very largely of the raw materials in the ground. If you will remember it, I put ore at \$1 a ton, and inasmuch as it takes three tons of ore to make one ton of steel rails, that cuts a very material figure in the cost of rails.

Mr. UNDERWOOD. That is true.

Mr. SCHWAB. Yes.

Mr. UNDERWOOD. It would then make the labor cost of pig iron stand in the relative proportion of two to one.

Mr. SCHWAB. I would have to figure that. This I do know, however, that the cost of putting pig iron into rails is practically all labor in one form or another. That is, you may say I charge so much here for material, for repairs, and so forth, but analyzing the materials or repairs back to their finality, you will find it is all labor, and so every item that enters into the cost of the rails is nothing but labor after you get the raw material.

Mr. UNDERWOOD. There is another proposition you have left out of your statement. If a man has his money invested in any concern he should sell his product at a reasonable profit.

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. What do you think is a fair proposition to add to the cost of pig iron and steel rails for a fair profit to the manufacturer, considering the amount of his investment?

Mr. SCHWAB. I will tell you. I believe that in the manufacture of steel unless a man can see a profit of 20 or 25 per cent a year he had better keep out, for the reason that changes in the methods have necessitated such frequent and radical changes in plants that the charge-off each year for changes and depreciation are very much greater than people not in the business possibly dream of. I could state to you many illustrations of that. During my superintendence of the Braddock Works in five years I rebuilt the converting department three times. Therefore the ordinary charge of 5 per cent for depreciation will not nearly cover the investment. I think that in any manufacturing you ought to have at least 25 per cent. I think where you consider steel from the ore down, where you mine the ore and manufacture the coke, and do all those things incidental to the manufacture of steel, 25 per cent is not a sufficient profit.

Mr. UNDERWOOD. Twenty-five per cent there would include the profit on the mining of the ore, the production of the coke, and making it into pig iron, and the production of steel?

Mr. SCHWAB. I mean if I bought my ores to start to make steel I ought to have 25 per cent profit on it, but I do not think manufacturing will pay that, and I think you will find it will be the experience of people long in the art that it should not pay much less than that.

Mr. UNDERWOOD. I think you are right, but in adjusting the profits we have to consider other people in the ore business who are entitled to a profit, and we have to consider those profits in fixing the rate.

Mr. SCHWAB. I understand that.

Mr. UNDERWOOD. But 25 per cent—I do not know what the steel plant would cost.

Mr. SCHWAB. They grow more costly each year.

Mr. UNDERWOOD. But if you can give the committee a statement of your plant—

Mr. SCHWAB (interrupting). I shall be very glad to do that.

Mr. UNDERWOOD. If you can say what it would cost to erect a plant to make steel rails at a profit, and then tell us how much a ton should be added for profit, we would like to have it.

Mr. SCHWAB. I will give you an illustration of that. The latest plant built in the United States I have just built at Bethlehem. We produce only 500 tons of rails a day and about 1,000 tons of structural steel in this plant. That is a total production of 1,500 tons of steel a day. The cost of the bare plant—that is, not the blast furnace, but from the pig iron to the finished product—was about \$15,500,000. That included no working capital. We have spent on that plant, in working capital and plant, approximately \$21,000,000—\$20,000,000 to \$21,000,000.

Mr. UNDERWOOD. Now, with reference to that plant, which is a modern plant and up to date, I want you to state, if you can, how much should be added to a ton of steel to give you a 25 per cent profit on the whole process.

Mr. SCHWAB. I would have to figure that. Shall I do it now?

Mr. UNDERWOOD. I shall be obliged if you can do it.

Mr. SCHWAB. Let us take the cost of that plant at 21 million dollars. These are facts with which I am familiar. Twenty-five per cent of the cost of that plant is approximately 4 million dollars. If you divide that by about one-half a million tons a year of steel output, which is about the output of that plant in rails and structural steel, it amounts to \$8 a ton. Taking 4 million dollars of profit, that ought to be earned on a 21-million-dollar plant, and divide that by the tons it will produce annually, and it amounts to just \$8 a ton.

I would like to call attention to one thing more. This is hardly a fair computation, inasmuch as it was a hasty one. I took no profit on the blast furnace for this plant, which we already had.

Mr. UNDERWOOD. Take a similar case and put in your mind, if you can, a modern, up-to-date blast furnace, fairly situated in the country to do business, and estimate the cost of building and construction of that blast furnace, and then see what should be added to a ton of pig iron to produce the amount of profit necessary.

Mr. SCHWAB. The situation is somewhat different in pig iron for this reason, that the frequent renewals or changing of plant is not so necessary as it is in the making of steel, because blast furnaces have not changed a great deal, as you well know. I will do the best I can. [The witness here made computations.] I should say \$2 a ton, in round figures.

Mr. UNDERWOOD. Two dollars a ton?

Mr. SCHWAB. That is the way I have it figured, and you will pardon me if I have made a mistake. A modern blast furnace costs about one and one-half million dollars. That furnace will produce

about 140,000 tons in a year. Twenty-five per cent on the cost of that furnace would be \$300,000 a year. Three hundred thousand dollars divided by 140 is something over \$2. That is probably low, for the reason that you can not isolate a blast furnace. It is not fair to take a single item like a blast furnace to tell what the cost of that individual output ought to be.

Mr. UNDERWOOD. The reason you said the profit ought to be 25 per cent on the finished product was because you recognized that the man who mined the ore was entitled to a profit, the man who mined the coal was entitled to a profit, and the man who was producing the coke was entitled to a profit, and therefore——

Mr. SCHWAB (interrupting). If you will take my cost as given this morning I think you will find there is some profit allowed in that in this particular. I put ore at \$1 a ton.

Mr. UNDERWOOD. That is what you claim to be a royalty?

Mr. SCHWAB. I said for people who own ore it was forth \$1 a ton to mine it. It amounts to the same thing. If you buy coke at a certain price, that includes the cost of the coal at the mine.

Mr. UNDERWOOD. There was no profit in your statement outside of the cost of the raw material?

Mr. SCHWAB. No.

Mr. UNDERWOOD. Mr. Cockran has called my attention to the fact that he did not understand whether you said the steel mill you figured on produced 500 tons a day of steel rails and a thousand tons of structural steel in addition.

Mr. SCHWAB. Yes; in addition.

Mr. UNDERWOOD. You figured that in your estimate?

Mr. SCHWAB. Yes, sir; I did. That is one-half million tons a year, Mr. Cockran.

Mr. UNDERWOOD. Did you estimate, or will you estimate, if you can, the difference in the labor cost in a ton of pig iron as between the production in this country and England and Germany?

Mr. SCHWAB. There is not a great deal of difference in the labor cost in the two countries, but our investment in a plant and machinery to make a ton is very much greater than theirs.

Mr. UNDERWOOD. I see that.

Mr. SCHWAB. But the actual difference in labor between the two countries is not very marked. The difference in the actual cost per ton to-day is not very marked.

Mr. UNDERWOOD. The American manufacturer has not lost anything by the increase in the cost of his plant? He has a more modern plant?

Mr. SCHWAB. No; the manufacturer gets cheaper labor. He pays higher to-day for his labor, but does with less men by reason of the increased cost of plant. That is the difference. We operate a furnace with probably one-half the number of men, but pay them twice as much.

Mr. UNDERWOOD. You have a blast furnace that will produce 500 tons a day——

Mr. SCHWAB. That is a good modern furnace.

Mr. UNDERWOOD. What would be the difference in cost in building or construction of that plant here and in England?

Mr. SCHWAB. I would have to guess at that. I can tell what it is in this country.

Mr. UNDERWOOD. About what is the difference?

Mr. SCHWAB. Our cost is about one and one-half millions, and I should say theirs is about one-half million dollars.

Mr. UNDERWOOD. They build their plant for one-third what you do?

Mr. SCHWAB. Yes, sir.

Mr. UNDERWOOD. What is the difference in Germany, relatively?

Mr. SCHWAB. Germany is rapidly adopting the same methods and blast-furnace practices that we are, with reference to economies in handling the materials, but they have gone much further than we have in the introduction of the use of their waste gases. Germany was the first country to use their waste gases for the development of power, which makes a very large saving in the cost of pig iron. We are rapidly adopting it, but to tell the truth, we are following Germany in that respect.

Mr. CLARK. In your travels, Mr. Schwab, have you ever been to Spain?

Mr. SCHWAB. I have.

Mr. CLARK. Is it true or not true that Spanish iron mines are situated right on the sea?

Mr. SCHWAB. Not exactly on the sea. They have to transport their iron by rail to the water.

Mr. CLARK. The reason I ask that is there was one man here who testified they were right jam up against the sea.

Mr. SCHWAB. In Spain?

Mr. CLARK. Yes.

Mr. SCHWAB. That is not exactly correct. There may be some mines on the sea that I do not know of.

Mr. CLARK. You are still selling steel rails at home at \$28 a ton?

Mr. SCHWAB. We are selling at \$30. Ours are open-hearth rails.

Mr. CLARK. They cost you \$21 and something?

Mr. SCHWAB. No; Bessemer rails cost \$21.

Mr. CLARK. How much do these cost?

Mr. SCHWAB. Well, say \$23.50.

Mr. CLARK. How much do you sell them for abroad?

Mr. SCHWAB. We do not sell any abroad. We have sold a few, yes; I sold some to Panama and some to Mexico, I think, but very few.

Mr. CLARK. How much are American Bessemer rails selling for here at home?

Mr. SCHWAB. Twenty-eight dollars.

Mr. CLARK. How much do they sell for abroad?

Mr. SCHWAB. I can not tell you exactly. I do not know. I can tell you about what they are selling for. I should suppose they are selling abroad for between \$26.50 and \$27.

Mr. CLARK. Do you know what the difference was in home consumption and foreign consumption last year?

Mr. SCHWAB. You mean this year or the year before?

Mr. CLARK. I mean this year and last year—in 1907—what was the difference between the home price of Bessemer rails and the export price?

Mr. SCHWAB. I do not know. I think the price last year was about the same as it is this year.

Mr. CLARK. Do you know of your own knowledge what is the greatest discrepancy there ever was between the home price of steel rails and the foreign price?

Mr. SCHWAB. The greatest discrepancy?

Mr. CLARK. Yes.

Mr. SCHWAB. You mean how high in this country and how low in Europe?

Mr. CLARK. How much lower did American manufactured steel rails sell for abroad as compared with what they sold for at home?

Mr. SCHWAB. I should say probably \$10; I am not sure of that, however; that is merely a guess.

Mr. CLARK. It is a habitual process to sell them cheaper abroad, is it not?

Mr. SCHWAB. Yes, sir; and a very wise process.

Mr. CLARK. I am not asking whether it is wise or unwise. I am asking for a fact.

Mr. SCHWAB. I beg your pardon; I offered that information gratuitously.

Mr. CLARK. I do not want to go into the realms of speculation. I want to stick to facts. The reason I asked that last question was that an independent manufacturer here testified that one year his recollection was that the difference was \$6.80, I think. When you say you ought to have 25 per cent profit, do you mean that the gross profit ought to be 25 per cent?

Mr. SCHWAB. Certainly. It depends on what you mean as between gross and net profits, however.

Mr. CLARK. By net profit I mean your profit after you have subtracted from the amount of money that you get for the article every element of cost, interest, depreciation, and everything counted off.

Mr. SCHWAB. Then I do not mean that.

Mr. CLARK. You do not mean net profit?

Mr. SCHWAB. No, sir; I do not. I mean we should have 25 per cent manufacturing profit to enable us to charge off 5 or 6 or 8 per cent a year for plant, and so forth.

Mr. CLARK. There has been a great deal of talk, first and last, about reasonable profits.

Mr. SCHWAB. Yes.

Mr. CLARK. Take it on a net profit, after all sorts of costs and expenses and everything else that enters into the cost are taken out, what profit do you think you ought to get?

Mr. SCHWAB. Fifteen to 20 per cent.

Mr. CLARK. Net profit?

Mr. SCHWAB. Yes, sir; I certainly do. I do not think you would succeed in manufacturing unless you do.

Mr. CLARK. I am talking about net profit.

Mr. SCHWAB. I am, too.

Mr. CLARK. Clear, clean velvet, as the boys say.

Mr. SCHWAB. There is an unfortunate thing about the steel business, that although we get a good deal of profit, we do not get much "velvet."

Mr. CLARK. If you put a dollar's worth of stuff back into the plant, you are just as well off as if you put it in your pocket?

Mr. SCHWAB. No; I would make a very liberal reduction for cash. If you want to buy my plant, I will make you a very liberal discount for cash.

Mr. CLARK. I do not think I will tackle that to-day. What I am trying to get at is, what this means as a reasonable profit. You say 15 or 20 per cent?

Mr. SCHWAB. That is my view of it.

Mr. CLARK. Just from your general information—I suppose you have a good deal of it one way or another, from your very clear statements in your testimony—

Mr. SCHWAB (interrupting). Thank you, sir.

Mr. CLARK. Do you not think that is three or four times as much as the average business in the nation, outside of the steel business?

Mr. SCHWAB. In manufacturing?

Mr. CLARK. I am talking about the whole business of the United States—manufacturing and everything else.

Mr. SCHWAB. Banking and manufacturing are two very different things. If you will say manufacturing, it is my opinion that in the general manufacturing business that is not an exorbitant profit.

Mr. CLARK. I will ask you another question in connection with that. Is it your opinion from your general and large observation that the average manufacturer in the United States is making 15 to 20 per cent net?

Mr. SCHWAB. To-day he is not making anything.

Mr. CLARK. I am not talking about this year; this is a Republican year. [Laughter.] Take the last eleven years as a business period, since the revival of business—that is a fair phrase to use—what would you say about the average profit of manufacturing in this country, not counting 1908 as a specialty, but taking that in connection with 1897, and every year down to the present time? How much have they made, would you say?

Mr. SCHWAB. What would be the average net profits of all manufacturers?

Mr. CLARK. Yes.

Mr. SCHWAB. I should say from 10 to 15 per cent.

Mr. CLARK. I am glad to hear that. Nearly everyone has come in here and sworn—not testified under oath, because we only began to swear them here a day or two ago—but solemnly asserted that none of them have made over 3 or 4 per cent, although we did finally persuade one man to testify or state that he made 15 per cent on gypsum.

Mr. SCHWAB. I do not think we ought to take the average manufacturer as the criterion of what this country can do and what the profits ought to be. If we want to compete with foreign manufacturers in foreign countries, we must do so not with the average manufacturers, but with our best manufacturers.

Mr. CLARK. But if the average manufacturer makes 15 or 20 per cent, with all the slovenliness and things of that kind that are attached to some people's manufacturing business—

Mr. SCHWAB. You do not quote me correctly, quite. I said from 10 to 15 per cent.

Mr. CLARK. Well, take 10 to 15 per cent. If the average manufacturers, with all the drawbacks of a large number of people being mixed up, incapables, and all, have made from 10 to 15 per cent, then an expert business man—

Mr. SCHWAB. He ought to make 25 per cent or more.

Mr. CLARK. He would make it?

Mr. SCHWAB. He ought to.

Mr. CLARK. He would make it?

Mr. SCHWAB. He ought to make 25—20 to 25.

Mr. CLARK. I think so, too.

Mr. SCHWAB. And he ought to.

Mr. GAINES. Did I understand you to say you could retain the American market without any duty, but in order to do so you would have to reduce the basis of the cost?

Mr. SCHWAB. Put it in the same condition they have it abroad.

Mr. GAINES. If you reduce the cost of production here, what item other than labor enters largely into the cost of production?

Mr. SCHWAB. Raw material only.

Mr. GAINES. What I would like to ask you is, does not labor enter more largely into the cost of production than anything else?

Mr. SCHWAB. Of course. When you take out the cost of your raw materials, there is no other cost left but the labor.

Mr. GAINES. So if the duty were removed from your product in order for you to retain the American market and compete with foreign manufacturers the cost of production must be reduced?

Mr. SCHWAB. Absolutely. There is nothing else to it.

Mr. GAINES. Labor being the largest item of cost, it would be the first thing to be considered?

Mr. SCHWAB. Yes, sir. It does not mean labor in the steel works only. It means the railroads must reduce their freight, and consequently their labor. Every man who furnished the steel works any supplies, whether he be a brickmaker or anything else, must be reduced also. You must get all your supplies cheaper, and every man who furnishes you those supplies must get his labor cheaper.

Mr. McCALL. You mean we are to have an exact reproduction of the situation existing abroad?

Mr. SCHWAB. To compete with them, we must have similar conditions.

Mr. GAINES. The gentleman from Missouri referred to this year as being a Republican year. Can you remember ever having a Democratic year?

Mr. SCHWAB. The gentleman has been so courteous and kind, I think I will refrain from taking any part in that argument.

Mr. COCKRAN. I do not know whether you can or not, Mr. Schwab, but I can not.

Mr. CLARK. What is the exact technical name of this "United Steel trust," as we usually call it?

Mr. SCHWAB. United States Steel Corporation.

Mr. CLARK. When was that organized?

Mr. SCHWAB. 1901.

Mr. COCKRAN. I had a few questions pending when the recess occurred at noon. I would like to put them to you now. The prices of steel rails and of all steel products in this country are practically uniform, are they not?

Mr. SCHWAB. The price of steel rails is uniform.

Mr. COCKRAN. How is that fixed?

Mr. SCHWAB. I explained that a little while ago at great length.

Mr. COCKRAN. Where?

Mr. SCHWAB. Right here, a little while ago.

Mr. DALZELL. Since the noon recess he has explained it to the committee.

Mr. COCKRAN. You have explained all that?

Mr. SCHWAB. I did.

Mr. COCKRAN. Very well, I will get that from the record then.

Mr. SCHWAB. Yes; it has been given here this afternoon.

Mr. COCKRAN. This much you stated before lunch, that a steady price was very essential to the prosperous conditions of your industry?

Mr. SCHWAB. It is.

Mr. COCKRAN. And it was for that reason that you have maintained the price at \$28, regardless of what it cost to produce?

Mr. SCHWAB. You are speaking of rails now?

Mr. COCKRAN. Yes.

Mr. SCHWAB. Quite so.

Mr. COCKRAN. Does the same apply to all other products?

Mr. SCHWAB. No; it does not.

Mr. COCKRAN. In other products of steel the price is governed to some extent by the cost of production? It varies from year to year?

Mr. SCHWAB. I can not say that is true, and yet it is true to some extent.

Mr. COCKRAN. What you mean to tell me is to some extent it is true—

Mr. SCHWAB (interrupting). Pig iron, for example, varies. The price has always varied.

Mr. COCKRAN. I am speaking of steel products.

Mr. SCHWAB. I think there are a number. Billets vary with the cost of production.

Mr. COCKRAN. Which of your products vary from year to year?

Mr. SCHWAB. I have given a sample—billets. The largest single production of any one line of steel we have is steel wires. That varies with the cost of production.

Mr. COCKRAN. Has it varied much during the last few years?

Mr. SCHWAB. Very considerably.

Mr. COCKRAN. Give us the extreme range.

Mr. SCHWAB. I have sold steel bars at \$1.85, and recently at \$1.25.

Mr. COCKRAN. Was that peculiar to this year, 1908, since the panic?

Mr. SCHWAB. No; steel products were very high the first part of last year.

Mr. COCKRAN. For the nine years previous to that were those steel products at about the same price, a steady price?

Mr. SCHWAB. Do not think I am trying to evade you—

Mr. COCKRAN. I do not think so for a moment.

Mr. SCHWAB. If you will ask me a direct question I will give you a direct answer. The steel products that have not varied are steel rails and structural steel. They have been nearly uniform. Steel rails are the only thing that has been strictly uniform since 1900. Structural steel, which is the next largest product, has varied some. It is now \$2 a ton lower than it was six months ago, and it has varied from year to year.

Mr. COCKRAN. Everything is a good deal lower now, is it not, with the exception of steel rails?

Mr. SCHWAB. Not a good deal lower; no.

Mr. COCKRAN. Somewhat lower?

Mr. SCHWAB. Yes; somewhat lower.

Mr. COCKRAN. You said that free steel would make a very great change in conditions?

Mr. SCHWAB. It would.

Mr. COCKRAN. You spoke of a reduction in wages as being the first essential.

Mr. SCHWAB. Yes.

Mr. COCKRAN. I understood you to say in answer to Mr. Underwood that wages are about the same as in England?

Mr. SCHWAB. No; I did not say that at all. I said the labor cost.

Mr. COCKRAN. That is the same thing.

Mr. SCHWAB. No; it is not the same at all; not by any means.

Mr. COCKRAN. Oh, I understand that, of course. The labor cost per ton is the same to you as it is in England?

Mr. SCHWAB. About.

Mr. COCKRAN. Why should there be any necessity for reducing the price of steel if it is the same now, in order to compete with England—why should there be any necessity for reducing the laborer's wages?

Mr. SCHWAB. Labor is not the only thing in it. It is the chief thing.

Mr. COCKRAN. The labor cost of every commodity is practically all it costs except just what is in the ground?

Mr. SCHWAB. Quite true.

Mr. COCKRAN. If that is so, and your labor cost is the same as in England—

Mr. SCHWAB (interrupting). But, my dear friend, you are taking the labor cost in the making of steel alone, while I am taking the labor cost of everything that enters into the cost of making steel.

Mr. COCKRAN. I see the distinction you make.

Mr. SCHWAB. There is a distinction between the cost of labor in the steel maker's works and the total cost of labor which may mean ten times the number of men you employ at your works.

Mr. COCKRAN. So far as your labor cost is concerned, there is no necessity for a protective tariff to equalize labor conditions, because they are practically the same?

Mr. SCHWAB. Because we have to charge more for interest or some other item.

Mr. COCKRAN. But the labor cost is about the same?

Mr. SCHWAB. Quite true.

Mr. COCKRAN. Concerning this question of reasonable profit, you have fixed that in your answer to Mr. Clark at between 15 and 20 per cent, as the amount a steel company should be allowed to earn, saying that is a reasonable profit?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. That means 15 or 20 per cent available for distribution to the stockholders. You do not include in that the salaries and expenses that are paid to officers and managers? You mean 15 or 20 per cent net after all expenses are paid?

Mr. SCHWAB. Fifteen or twenty per cent net profit.

Mr. COCKRAN. So if a man is successful, as you yourself have been—

Mr. SCHWAB (interrupting). I doubt it.

Mr. COCKRAN. You have been finally, in your line, a success. If a man can prove himself worth to a company \$400,000 or \$500,000 a

year, or even a million dollars a year, on that basis of computation that would be taken out as a charge?

Mr. SCHWAB. No, I put that in as a cost.

Mr. COCKRAN. That is a charge against the cost?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. You put that in as a practical cost?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. Fifteen or twenty per cent would be aside from that?

Mr. SCHWAB. Quite so.

Mr. COCKRAN. When you discuss the question of profits for the company you mean profits over and above all that can be paid by way of compensation or reward to any individual who contributes to the success of the company?

Mr. SCHWAB. That is part of the cost, certainly.

Mr. COCKRAN. I do not ask anything as to what those amounts are, because I suppose that is a matter of confidential information.

Mr. SCHWAB. I do not know to what you refer.

Mr. COCKRAN. I mean the amount paid for instance by the United States Steel Corporation.

Mr. SCHWAB. I do not know.

Mr. COCKRAN. You said that they are selling abroad cheaper than here?

Mr. SCHWAB. Yes, sir.

Mr. COCKRAN. You said that it is a very wise process?

Mr. SCHWAB. Quite.

Mr. COCKRAN. Could you explain the wisdom of it to the victims of it as well as to the beneficiaries of it? From the point of view of the American consumer, where does the wisdom of it come in?

Mr. SCHWAB. I am not thinking of the consumer. I am thinking of the manufacturer. [Laughter.] I presume there is no argument there.

Mr. COCKRAN. There is no argument there. The more you get the merrier.

Mr. SCHWAB. I have said it was a wise provision for the manufacturer. You can not let a steel plant stand idle. The fires in your furnaces and the heat costs go on whether you are making steel or not.

Mr. COCKRAN. You said as a matter of fact that there are different rates charged for your products abroad, and you charge less abroad than you charge at home?

Mr. SCHWAB. We usually charge abroad what we can get.

Mr. COCKRAN. You do that at home, do you not?

Mr. SCHWAB. Yes; of course.

Mr. COCKRAN. You can not, of course, put a pistol to a man's head and take all he has.

Mr. SCHWAB. You can in some instances; yes.

Mr. COCKRAN. I mean to say you sell abroad for all that you can get. As a matter of fact, you do sell abroad for less than you obtain here?

Mr. SCHWAB. As a rule, that is true.

Mr. BONYNGE. What percentage of steel rails produced in the United States are sold abroad?

Mr. SCHWAB. In years gone by it was a very small percentage: I should say from 5 to 7 per cent. This year I think it will be larger, because our home consumption has been very small.

Mr. BONYNGE. About how much?

Mr. SCHWAB. I should not be surprised if it ran as high as 20 per cent this year. The reason for that is because we have no market at home and we have been driven abroad to get something to do.

Mr. COCKRAN. Where and in what parts of the world are those sales made this year?

Mr. SCHWAB. Wherever there is a competitive field where we all pay equal tariffs or no tariffs at all, like South America, for example, or Japan or China.

Mr. COCKRAN. Have you ever gotten into Canada, where there is a differential tariff in favor of England?

Mr. SCHWAB. There have been no rails sold in Canada since that differential tariff—none that I know of.

Mr. COCKRAN. Do you not think that the consumers of this country would be entitled to the most favored treatment?

Mr. SCHWAB. I will tell you something about that. We have made a point about the price of steel rails. I have always said to the railroads, "We will make the price of steel rails anything you say if you will proportionately reduce your freight rates to us." In other words, the cost to the steel manufacturer for manufacturing his rails and other steel products that he pays in freight is very nearly 30 per cent of his total cost.

Mr. COCKRAN. I understand that.

Mr. SCHWAB. While the cost to the railroad of their steel rails is a very small percentage of their cost. A reduction in the price of steel rails to a railroad would be a very trivial amount compared to a similar reduction in their rates to us. The consequence is, so far as I know, railroads do not want the price of steel rails reduced.

Mr. COCKRAN. The railroads do not?

Mr. SCHWAB. No, sir; they do not. The same is true of all kinds of other articles of steel to the consumer. Let me say something about structural steel, in which there is a uniform price throughout the United States and has been for some years. The buyers of structural steel, whether they be large or small, whether they have great advantages by reason of shop or otherwise, have no advantage to-day in the purchase of structural steel, and the small consumers want to see that price maintained steadily all the time. For example, I had within a few months a call from seven of the largest users of structural steel in America, and they all asked that I use my influence to keep the price unchanged. One of the great advantages of a steel corporation during the great period of prosperity and the fact that this steel business was in the hands of comparatively few people, is the fact that although they could have had ten or fifteen or twenty dollars more for their steel than they got, they did not raise the price, nor have they lowered it during this depression. The result is that whether they be railroads or whether they be small consumers of structural steel, they feel better satisfied and like the present conditions much better than when we had violent fluctuations in the market.

Mr. COCKRAN. There is no question at all between those conditions as to that, that a steady price would be better than uneven prices; but surely it does not follow that they also want it not only steady, but high?

Mr. SCHWAB. No; but I do not think that the prices of steel are unreasonable.

Mr. COCKRAN. You would not be expected to think that.

Mr. SCHWAB. No; I do not think they are high enough, personally.

Mr. COCKRAN. Oh, no; I understand that.

Mr. SCHWAB. I mean by reason of advances that have been made in everything entering into the cost of steel—railroad freights have gone up, and everything has gone up. Wages have advanced steadily every year since 1900, but steel has not advanced.

Mr. COCKRAN. But you started in in 1899 with a profit of 100 per cent, on your showing?

Mr. SCHWAB. That was about right.

Mr. COCKRAN. Yes; that was about right; I understand that perfectly. We have your view of what is right. You have said that the steel companies could have obtained easily \$10 or \$20 additional.

Mr. SCHWAB. No; I said \$5 or \$10 or \$20, dependent on the market.

Mr. COCKRAN. Surely, you did not mean that if they undertook to exact such a price as that they would not have discouraged the use of steel?

Mr. SCHWAB. They probably would, but other and independent manufacturers did get it.

Mr. COCKRAN. You say other independent manufacturers?

Mr. SCHWAB. Yes. I was an independent manufacturer at that time, and I always got more for my steel than the Steel Corporation did.

Mr. COCKRAN. Independence has many virtues, has it not?

Mr. SCHWAB. And some disadvantages.

Mr. CLARK. You say that the railroads do not object to your charging this high price—I will call it that for my own satisfaction—for steel rails?

Mr. SCHWAB. No.

Mr. CLARK. They just simply load the cost of the steel rails off onto their patrons, do they not?

Mr. SCHWAB. Quite true.

Mr. CLARK. So that the bottom fellow pays the whole business at last?

Mr. SCHWAB. That is going pretty far down the line.

Mr. CLARK. I will ask another question simply for information. You have stated about rebuilding these furnaces up at Braddock three times in five years.

Mr. SCHWAB. It was a converting mill.

Mr. CLARK. What I want to ask is, if this has been going on in the last five years more than ever before—these changes in processes that necessitate this rebuilding of plants?

Mr. SCHWAB. I will give you an illustration of that. I make this prediction, that in five years from now there will not be a single Bessemer converting works for making steel in the United States. That means that every man who has his money invested in Bessemer works for making steel rails will have to throw it away as useless and of no value before five years. The change is rapidly taking place now. If you will look at statistics you will see all the steel rails are getting to be the open hearth. Bessemer will be of no use. The result is all these changes will have to be made at tremendous cost. The same is true of structural steel. The new mills which I

have built at Bethlehem have made a radical change in the character of structural steel, so that most of the structural-steel plants of the United States will have to be changed within the next five years, and that has been the history of the steel business since I have been connected with it.

Mr. CLARK. Now, two questions——

Mr. SCHWAB. Not at one time?

Mr. CLARK. No. I do not know nearly so much about this steel question as Mr. Underwood does. I want to ask a question for my own information. I take it from what you said in a portion of your evidence here to-day that this open-hearth steel is superior to the Bessemer steel?

Mr. SCHWAB. For certain purposes.

Mr. CLARK. The question I wanted to ask a while ago, and will ask now, though your answer a while ago possibly does away with it, is whether, in your judgment, the time has come when these rapid changes in the very expensive business of building these plants have reached their limit, or whether there is a prospect of improvements being constantly made that will later wipe out that process and cause the throwing away of these big plants and building new ones?

Mr. SCHWAB. I think that the latter is true. The open-hearth process has been developing during these past ten years. It was not believed it would make any material change in the plants except for special things. The demand for quality has made it of such a character that practically all steel must be made by the open-hearth process. We have taken another step in advance, which has been developed by the Germans, and that is the electric method of producing steel, which is an advance again over the open hearth, that I am certain that in the next ten years, or probably quicker, depending upon the rapidity of the development, changes will probably make all open hearths practically useless.

Mr. CLARK. Well, you are able to get your product out cheaper on account of these?

Mr. SCHWAB. No; we are not.

Mr. CLARK. It seems you have to lose a great deal in rebuilding?

Mr. SCHWAB. We do. You do not get it cheaper. These processes have not been for the purpose of cheapening the product, but of bettering the quality. Each betterment of quality has added to the cost.

Mr. CLARK. In the end that is to the advantage of the public, who consume it, provided they get it at the same price?

Mr. SCHWAB. The advance is about equal to the cost.

Mr. CLARK. Do you know what the proportion of the output of steel made by all of the independent concerns in the United States is as compared to the total output of the United States? How much does the United States Steel Corporation make and how much do the rest of them make?

Mr. SCHWAB. That is a matter of record, but I think it is about 40 per cent.

Mr. COCKRAN. Which is 40 per cent?

Mr. SCHWAB. The steel corporation makes between 40 and 45 per cent.

Mr. CLARK. The steel corporation?

Mr. SCHWAB. Yes, sir.

Mr. CLARK. Does that include the Tennessee company?

Mr. SCHWAB. No; I did not include that.

Mr. CLARK. If you include with the United States Steel Corporation output the output of this Tennessee concern, which they bought with the consent of the President of the United States [laughter], how much would the proportion be?

Mr. SCHWAB. Probably 44 or 45 per cent.

Mr. CLARK. You do not think they make a majority?

Mr. SCHWAB. No, I do not think so.

The CHAIRMAN. You are not swearing the President did consent to its purchase?

Mr. SCHWAB. No; I know nothing about it.

Mr. CLARK. I am not, either, but it was a matter of common notoriety that before they dared to buy that concern Morgan or someone representing him went to the President and got his permission to do it.

The CHAIRMAN. That was before the election.

Mr. COCKRAN. You would bet on it with your money, although you might not attest it with your oath?

Mr. SCHWAB. I do not know anything about it.

Mr. UNDERWOOD. The percentage of production of the United States Steel Company was estimated a short time ago at 47 per cent of the total production for the United States.

Mr. SCHWAB. Yes, that is probably nearly right.

Mr. BONYNGE. What other steel products are sold abroad for less than the same steel products are sold in the United States, besides steel rails?

Mr. SCHWAB. The principal lines of steel of which I have spoken—structural steel in all its forms—plates, girders, and similar things, and steel rails.

Mr. BONYNGE. All sold for less than in the United States?

Mr. SCHWAB. I can not say that always, but as a rule, that is true.

Mr. BONYNGE. What is the percentage of steel products produced in the United States of all kinds that is sold abroad?

Mr. SCHWAB. I could not tell offhand. I could make a guess. I think it is about the same as rails—from 5 to 7 per cent. That is my judgment. I think it is higher this year. I am guessing at that, but I should not be surprised if it is 20 per cent this year.

Mr. BONYNGE. If those sales had not been made at the reduced prices abroad, would it have had any effect on the prices charged to the home consumer?

Mr. SCHWAB. Under existing conditions I think not, although it made a difference in the profit. Their profits would have been much higher on the home product if they had not sold abroad in this way.

Mr. BONYNGE. The selling price would have been the same?

Mr. SCHWAB. I think probably it would. I am sure it would in the matter of rails, and I think in most of the other lines.

Mr. CLARK. Suppose you put the market price of rails and steel products down to the home consumer to the same basis you did to the foreign consumer, do you not think the home consumption would have swelled to the extent of this foreign export?

Mr. SCHWAB. I do not think it would have increased a ton.

Mr. CLARK. I believe, then, there is no hope of getting a lower price.

Mr. SCHWAB. No; I am afraid not. [Laughter.]

Mr. HILL. You have been very frank in your answers from the manufacturer's standpoint.

Mr. SCHWAB. Thank you, sir.

Mr. HILL. I want to ask this question: Taking the general welfare of this country, the foreign trade, and your industry in consideration, what change, if any, would you suggest with reference to the iron and steel tariffs?

Mr. SCHWAB. My personal view is that I would not make any change. I do not mind saying a moderate change is not going to seriously hurt. I think a radical change will make a very great difference. I am a manufacturer, and this is a manufacturer's point of view, and I would not make any changes.

Mr. LONGWORTH. You are familiar with the iron ores production of Cuba?

Mr. SCHWAB. Yes, sir.

Mr. LONGWORTH. Can you state what amount of ore is in sight there now?

Mr. SCHWAB. There is a very large tonnage in sight. There is a peculiar condition that, to my mind, is going to make a radical change in the iron-ore situation. There has been discovered in Cuba within the last few years a very large deposit of ore; indeed, some engineers estimate it quite as large as the Mesabi Range. It is of a different character, however, in that it is wet and needs drying before it can be transported. It has some problems in connection with it to be worked out, but very important deposits as to tonnage.

Mr. LONGWORTH. How would it compare with the ore in the Mesabi Range in quantity?

Mr. SCHWAB. I say that some engineers I have had on the property estimate it to be about as much as the Mesabi Range.

Mr. LONGWORTH. And in quality?

Mr. SCHWAB. The quality is a totally different proposition. In some respects very much better, in that the ore contains nickel, and steel made from that ore will contain from 1 to 3 per cent nickel, and that, of course, adds much to its value for certain purposes.

Mr. LONGWORTH. At what figure can that ore be landed in Pittsburgh to-day?

Mr. SCHWAB. About the same as lake ore.

Mr. LONGWORTH. About the same?

Mr. SCHWAB. Yes. It can be landed at the eastern furnaces at much less, but the cost of getting the coke to the eastern furnaces is an item of serious consideration. When I say the same in Pittsburgh, I am assuming the same expenditure in appliances for shipping, etc., as are made for Pittsburgh. The cost to the eastern furnaces is much less for ore, but, on the other hand, the cost of fuel to the eastern furnaces is much greater, so that the total cost of producing pig iron in the East as compared with Pittsburgh is slightly in favor of Pittsburgh.

Mr. CRUMPACKER. Who are the owners of the principal deposits in the Mesabi Range?

Mr. SCHWAB. You mean the owners or the lessees?

Mr. CRUMPACKER. The lessees; yes.

Mr. SCHWAB. Most of the ore was acquired by lease from many people who owned the original property.

Mr. CRUMPACKER. Who are the lessees in the main?

Mr. SCHWAB. All the large manufacturers in the West, in the United States, the Steel Corporation being the largest.

Mr. CRUMPACKER. Has your company a lease?

Mr. SCHWAB. In the Mesabi Range?

Mr. CRUMPACKER. Yes.

Mr. SCHWAB. We do not use any lake ores.

Mr. CRUMPACKER. Where do you get your ores?

Mr. SCHWAB. Cuba.

Mr. CRUMPACKER. If the duty were removed from iron ore, you would be able to get your ore at how much less per ton?

Mr. SCHWAB. Thirty-two cents a ton less.

Mr. CRUMPACKER. That would be quite an item?

Mr. SCHWAB. It would be. In the event of a lower tariff, the chief sufferer in the steel industry will be the East, because the West is protected by the freight to the West, as you can easily see. Therefore, if there is a reduction in the tariff—I did not intend saying this, because it is pertinent to my own business—if there is a reduction in the tariff generally, the ores coming to the eastern manufacturers ought to be brought in much lower, too.

Mr. CRUMPACKER. If the duty were taken off the ore altogether, it would not affect the value of the Mesabi ores, would it?

Mr. SCHWAB. Not at all. If the duty were taken off the ores from Cuba, it would in no way affect the value of the Mesabi ores.

Mr. CRUMPACKER. It would enable such manufacturers as your establishment to produce iron and steel considerably cheaper?

Mr. SCHWAB. It would amount to about 50 cents a ton cheaper.

Mr. CRUMPACKER. Fifty cents a ton cheaper?

Mr. SCHWAB. Yes. One important thing for the eastern people in that respect is the Cuban situation, whether any change is made there, because a large part of our ore comes from there. It would have to be done, inasmuch as their people buy their ores from other countries.

Mr. CRUMPACKER. The Mesabi deposits are almost owned entirely now by the large manufacturers?

Mr. SCHWAB. They are.

Mr. CRUMPACKER. The small, independent manufacturer has to buy his pig iron or his ore from competitors?

Mr. SCHWAB. That is true.

Mr. CRUMPACKER. The Mesabi deposits are the chief source of iron ore for the northern producers?

Mr. SCHWAB. Not Mesabi alone, but the Northwest.

Mr. CRUMPACKER. Lake Superior?

Mr. SCHWAB. The Lake Superior district is the chief source of supply.

Mr. CRUMPACKER. The price has gone up from 10 cents to \$1 a ton?

Mr. SCHWAB. That is a royalty. That is for the right of taking the ores out themselves.

Mr. CRUMPACKER. The cost of mining and transportation has correspondingly increased?

Mr. SCHWAB. Exactly.

Mr. LONGWORTH. Are these Cuban deposits on the north coast?

Mr. SCHWAB. Yes; on the north coast.

Mr. LONGWORTH. The old deposits were nearer Santiago?

Mr. SCHWAB. Yes, sir; and this is directly north of Santiago.

Mr. LONGWORTH. This is north of there?

Mr. SCHWAB. Yes, sir.

Mr. RANDELL. Mr Schwab, you say that if the tariff were taken off it would be harder on the people in the East than it would on those in the West?

Mr. SCHWAB. Yes.

Mr. RANDELL. You mean by the people in the East, the manufacturers in the East?

Mr. SCHWAB. Certainly.

Mr. RANDELL. Therefore it would not affect the manufacturer in the West as it would the one in the East?

Mr. SCHWAB. Just the difference in the freight.

Mr. RANDELL. On the same basis, the consumer in the West has less hope of being delivered from his present burden than the consumer in the East?

Mr. SCHWAB. From present burdens?

Mr. RANDELL. Yes.

Mr. SCHWAB. I do not see that they have any burdens.

Mr. RANDELL. You do not see their burdens on account of the profit between you and the consumer?

Mr. SCHWAB. No; I do not. I think they get everything they are entitled to. I make the prediction——

Mr. RANDELL (interrupting). You understand my question, do you not?

Mr. SCHWAB. I do.

Mr. RANDELL. Then give me a candid answer, for which you have been given some credit here.

Mr. SCHWAB. I thought I answered your question.

Mr. RANDELL. You said you did not think the western man was under any burden.

Mr. SCHWAB. You did not ask me whether he had a burden. I volunteered that information.

Mr. RANDELL. Mr. Schwab, if it was a fact that the manufacturers in the East could take off the tariff, that would mean it would have a tendency to reduce the price of their product?

Mr. SCHWAB. Quite so.

Mr. RANDELL. Then it would be to the interest of the consumer in the East?

Mr. SCHWAB. Quite so.

Mr. RANDELL. In the West it would not have that tendency on account of the freight rates, and the manufacturer could still keep up his price? Is that what you meant?

Mr. SCHWAB. That is right.

Mr. RANDELL. Do you not understand, then, that I said, therefore there was less hope for the consumer in the West to be relieved of his burden?

Mr. SCHWAB. Yes, sir.

Mr. RANDELL. That is, for his products to be reduced in price?

Mr. SCHWAB. Yes.

Mr. RANDELL. You understood that?

Mr. SCHWAB. Quite, but I did not understand what you meant by "burden."

Mr. RANDELL. The burden of the higher prices he has to pay by reason of the tariff.

Mr. SCHWAB. Well, we will not quibble about that. You are quite correct.

Mr. RANDELL. You say, I believe, that the cost of labor entering into this matter is all the cost, except the price of the material in the ground?

Mr. SCHWAB. Raw materials.

Mr. RANDELL. And this cost, 30 per cent of it, if I understood you correctly, goes to railroads for transportation?

Mr. SCHWAB. Right.

Mr. RANDELL. That is according to my recollection.

Mr. SCHWAB. Yes.

Mr. RANDELL. Then you were figuring the rails at \$28 a ton at your factory?

Mr. SCHWAB. Yes.

Mr. RANDELL. So at that time the railroads had already gotten 30 per cent of the cost to produce those rails, excepting, I mean, leaving out the cost of material in the ground?

Mr. SCHWAB. Quite so.

Mr. RANDELL. There was a charge, you say, of royalty, of about \$1 a ton?

Mr. SCHWAB. Yes.

Mr. RANDELL. Twelve years ago the ordinary price of royalties for iron ore was about 25 cents a ton, was it not?

Mr. SCHWAB. I have leased it as low as 10 cents a ton.

Mr. RANDELL. The iron mines are scattered in various parts of the country, are they not?

Mr. SCHWAB. Most of them are in the Northwest, in the lake district.

Mr. RANDELL. And twelve years ago they were owned by a great many people?

Mr. SCHWAB. Yes.

Mr. RANDELL. Since then they have been bought up and are now owned by a few corporations?

Mr. SCHWAB. Quite true.

Mr. RANDELL. About what percentage of the visible or known deposits in the country are owned by the steel trust—the steel corporation?

Mr. SCHWAB. I could not say.

Mr. RANDELL. The corporation that you say makes 45 per cent of the output.

Mr. SCHWAB. I could not answer; I don't know.

Mr. RANDELL. Have you any idea about how much?

Mr. SCHWAB. I should say 45 per cent, about proportionate to the production.

Mr. RANDELL. And the other deposits are owned by other corporations, other steel companies?

Mr. SCHWAB. The other steel companies.

Mr. RANDELL. And all these steel companies, by common consent, as distinguished from by agreement, sell their product of rails and structural steel at the same price?

Mr. SCHWAB. They do.

Mr. RANDELL. That is not by accident, but is considered as a business proposition, the best course to pursue for the interests of the manufacturers?

Mr. SCHWAB. I do not want to evade that at all, and I want——

Mr. RANDELL. I did not insinuate that you would evade it——

Mr. SCHWAB. But the question I rather thought put me in that light.

Mr. RANDELL. I understood it was not by positive agreement, but by——

Mr. SCHWAB. No; I said this——

Mr. RANDELL. Is it by positive agreement?

The CHAIRMAN. We have been all over that question once, and it is hardly fair to go over it again.

Mr. RANDELL. I have not been absent——

The CHAIRMAN. That has all been covered.

Mr. RANDELL. I am not taking up very much time. My question was this, Mr. Chairman. I asked him another question and he said he had not testified to that.

The CHAIRMAN. Your question was whether there was any agreement about the price of \$28 a ton——

Mr. SCHWAB. There is not.

The CHAIRMAN. Or any understanding.

Mr. SCHWAB. I have explained to you exactly——

Mr. RANDELL. My question before that was this: That as he had, I understood, testified that it was not by agreement, but by mutual consent, as distinguished from agreement, that they had fixed the prices; then I asked him if that was considered by him a business proposition or mere accident.

The CHAIRMAN. Let us get through with this.

Mr. RANDELL. I am very sorry that I am taking up the time of the committee, but I have not taken up very much time——

The CHAIRMAN. We want to get through.

Mr. RANDELL. I understand; but my people have to pay the tariff on this; there are a great many consumers of this article.

Mr. SCHWAB. As I explained before, we had an agreement to maintain the price of rails along in 1896 and 1897, and then came the steel war, the great break in prices, and after that was all over—this was before the time of the steel corporation—the steel manufacturers got together and agreed to restore the price of steel rails.

Mr. RANDELL. You need not go over that——

Mr. SCHWAB. But this is an answer.

Mr. RANDELL. I know, but I am asking you with reference to present conditions. I do not care how you came by it.

Mr. SCHWAB. Gentlemen, I came here to give you this information freely, and I will do it in my own way or not at all.

Mr. RANDELL. If you will answer my questions——

Mr. SCHWAB. You must permit me to answer them in my own way. I can not answer the direct question yes or no without an implied understanding that is wrong.

Mr. DALZELL. Go ahead.

The CHAIRMAN. Of course, answer it as far as you please.

Mr. SCHWAB. I am going to give you the exact reasons. Then we got together as manufacturers and restored the price of rails to \$28.

Now, there has been no manufacturer selling rails that would dare to change that price for fear of another steel-rail war. That is true of every line of which I spoke, that we had the same arrangements about.

Mr. RANDELL. Practically all lines of steel products?

Mr. SCHWAB. No; all lines of which I spoke. Structural steel and steel products.

Mr. RANDELL. Of course, then that applies to foreign sales? You said something about foreign sales.

Mr. SCHWAB. No; I did not say it was the same with foreign sales. That varies very much.

Mr. RANDELL. The record will show that. I thought you did.

Mr. SCHWAB. If I did I wish to correct it.

Mr. RANDELL. What I wish to ask you is this. That present condition, whether you call it by mutual agreement or fear of change, or what, that condition is a matter that is absolutely in the control of the present steel corporations, is it not, that makes these prices?

Mr. SCHWAB. It is by the mutual—I can not say consent. I do not know the word to use that will not be misconstrued, or misunderstood.

Mr. RANDELL. It is a matter in their control, that is the question?

Mr. SCHWAB. But the manufacturers of various products of steel in the United States—

Mr. RANDELL. The question is, Is it not a matter in their control?

Mr. SCHWAB. I suppose it might be.

Mr. RANDELL. It is.

Mr. SCHWAB. I do not say it is, but it could be.

Mr. RANDELL. They not only have the control of the market at present, but they have the control of all the ore deposits in the United States, as you stated?

Mr. SCHWAB. I did not state anything of the sort.

Mr. RANDELL. Then I misunderstood your question.

Mr. SCHWAB. I said that the steel manufacturers of the United States, as a rule, control most of the iron deposits, but not all. Every great steel works must have its own ore.

Mr. RANDELL. I understood you to say that the steel company owned about 45 per cent, which was about the same proportion of the ore as its proportion of the business.

Mr. SCHWAB. I said 45 per cent of the Lake ores. I did not say of the iron deposits of the country. Mr. Longworth was asking me about the lake ores, and I said that the Steel Corporation controlled about 45 per cent. That is vastly different from 45 per cent of the ores of the country.

Mr. RANDELL. Then I asked you if the balance of the ore in the country was not controlled by the other steel corporations—

Mr. SCHWAB. And I said yes.

Mr. RANDELL. And are there any deposits not owned or controlled by the steel corporations of the country?

Mr. SCHWAB. Other than the lake ores, many.

Mr. RANDELL. Where are they located?

Mr. SCHWAB. All over the United States; in Virginia, Alabama, Cuba, New Jersey, Pennsylvania, and, indeed, there is scarcely a State in the Union that does not have some iron ore.

Mr. RANDELL. You say, as I understand it, as a reason, or perhaps it might be so construed at least, for the increase in royalty, is that the land is worth more?

Mr. SCHWAB. Oh, no; I did not. I said ore lands. When I say ore lands, I mean ore deposits.

Mr. RANDELL. Well, that is by the acre. You said that there were some acres that were worth \$3,000.

Mr. SCHWAB. I was speaking of coal then.

Mr. RANDELL. That was in reference to coal?

Mr. SCHWAB. Yes.

Mr. RANDELL. Now, then——

Mr. DALZELL. That was in reference to the Connellsville coal?

Mr. SCHWAB. Yes.

Mr. RANDELL. That increased the price of coke?

Mr. SCHWAB. Yes.

Mr. RANDELL. On account of the increase in the price of the coal?

Mr. SCHWAB. Yes; which is measured by the acre.

Mr. RANDELL. Now, then, the iron deposits, paying royalties to them, you have gotten them for from 10 cents to \$1 a ton, in round figures.

Mr. SCHWAB. In round figures; yes.

Mr. RANDELL. That is, it has increased in value, say, from 400 to 900 per cent in price. Now, as to these deposits where you pay these royalties, is that royalty paid to any steel corporation?

Mr. SCHWAB. No; to individuals or companies owning it.

Mr. RANDELL. That is what I was going to ask about. Now, are most of those deposits owned by the companies engaged in the steel business, or by men or other persons having an interest in the companies producing steel?

Mr. SCHWAB. Not at all. To give you an illustration, the Great Northern Railroad owns great deposits of iron ores. It leases its iron-ore lands to companies at so much a ton.

Mr. RANDELL. The railroad company, you say, is interested in the business?

Mr. SCHWAB. How?

Mr. RANDELL. It ships the freight.

Mr. SCHWAB. It ships the ore over its road, certainly, but I cite that only as an illustration.

Mr. RANDELL. I am coming to that very point that you were speaking of a while ago in the illustration you gave. The railroad company has the iron-ore deposit and charges a higher profit for that than used to be charged, a higher royalty; is that right?

Mr. SCHWAB. Yes.

Mr. RANDELL. And the railroad, you say, does not want a reduction in the price of the rails, and yet they use them to make their road.

Mr. SCHWAB. I was unfortunate in my illustration.

Mr. RANDELL. I think so, but is that not a fact, and is not the reason of it that the interests of the steel companies and of the railroads——

Mr. SCHWAB. Let me give you an illustration.

Mr. RANDELL. Let me finish my question.

And the great corporations are so blended and dovetailed and interwoven together to-day that they, pursuing their various functions, controlling their various interests, combine and plunder the common people? When I say plunder, I mean by charging a higher price than they could without such combination.

(Several members: "Answer yes or no.")

Mr. RANDELL. Yes or no. You would have to say yes to that, would you not?

Mr. SCHWAB. I give up. I do not even understand the question.

Mr. RANDELL. Well, I think I can make the question very plain. Is it not a fact, in accordance with your observation and your idea, that the reason that the railroad companies do not want a reduction in the price of steel rails is because the various interests that own the coal companies and the steel companies and the railroad companies are blended in such a way as that it is to the interest of all of them to put up the price of the product and each get his price, so levying upon the consumer this tribute? I hope you understand that question.

Mr. SCHWAB. I must confess I do not.

Mr. LONGWORTH. Can you tell me how much a blast furnace has to pay per ton for its ore if it has no supply of its own?

Mr. SCHWAB. It depends on its location.

Mr. LONGWORTH. There is no quoted market price for ore?

Mr. SCHWAB. I think there is a market price for lake ores at lake ports.

Mr. LONGWORTH. About what is the price?

Mr. SCHWAB. I don't know; I do not buy it. I think it is about \$4 a ton, or something like that, but I am not sure. I do not buy ores. And so, the same thing is true in the East; there is a different price in different locations, dependent upon the cost of producing right at that point.

The CHAIRMAN. That is all, Mr. Schwab.

Mr. Gilchrist is here, and, owing to sickness in his family, I will call him next, instead of Professor Tausig.

STATEMENT OF MR. ROBERT GILCHRIST.

The witness was duly sworn by the chairman.

Mr. GILCHRIST. I have asked permission to appear before you in the interest of only one concern, the Western Foundry Supply Company, with the request that you maintain the present duty on ferromanganese, which is \$4 a ton, and is covered by Article 122 and Clause C.

The reason I have asked for permission to appear before you is because I have been told that the steel makers, at their meeting in New York, and some steel makers in their talks before you, have advocated the abolition of this duty, and it seems to me that a man that appears before you and asks that the duty should be taken off of everything that enters into his manufactured product and then views with horror any suggestion that the duty should be taken off the manufactured product, is trying to work both ends against the middle.

Mr. COCKRAN. That we agree to.

Mr. GILCHRIST. Now, on the face of it, it is apparently good sense that the duty should be taken off of ferromanganese, because most all of the ferromanganese used in this country is imported from England. There is ferromanganese made in this country by the Carnegie Steel Company very largely, and altogether from imported ores; a little by the Maryland Steel Company; a little by the Illinois Steel Company, and a very little by the Colorado Fuel and Iron Company. But in 1907 there were 100,000 tons imported at a duty of \$4 a ton, netting the Government \$400,000.

Now, as all this ferromanganese is imported, it would seem right and proper that the duty should be taken off so that the manufacturer in this country should get his raw material free, make his product cheaper, and sell it as cheap as he could. But there is one thing that enters into that that perhaps is not known to many of the steel men. In the first place the reason that ferromanganese is not made very largely in this country is that it has been impossible to find ferromanganese here in sufficient quantities to justify the erection of a blast furnace.

Manganese is found in the Blue Ridge Mountains, but the Blue Ridge Mountains, from Vermont to Georgia, are strewn with manganese wrecks. What I mean by that is the wrecks of plants where people have spent their time and money developing, and then found them useless. No ferromanganese deposits have heretofore been found that justified the erection of a blast furnace for the manufacture of manganese until the Western Foundry Supply Company, which I represent—

Mr. DALZELL. Where is it located?

Mr. GILCHRIST. In St. Louis, Mo.; Elizabeth, N. J., and New York.

They have found in Virginia, and spent \$75,000 to find and develop, manganese-ore deposits which justify the erection of a blast furnace, and they are ready to spend a half million dollars more to inaugurate in this country an industry which has never existed, which is the manufacture of 80 per cent of the ferromanganese used in the country.

I would not be foolish enough to appear before you and ask you to protect one person if two persons were going to be injured by protecting one—and when I say injured I mean injured materially. If there were only one other person, then I would think I had as much right to demand consideration as the other one person.

But in order to see what injury will be done by a retention of the duty, you would have to find out how much ferromanganese is used by the steel manufacturers. Mr. Schwab said you could put down the cost of ferromanganese used in a ton at 60 cents.

From the letters I have been able to get on the subject and from the works on the subject which I have been able to examine, I find that the cost of ferromanganese at the present time, the present market price, is about 30 cents—from 25 to 40 cents. That is, for the amount needed in a ton. But let us call it 60 cents on a ton of steel. Ferromanganese to-day is worth \$40. I say \$40. It is, as a matter of fact, about \$42, but for the sake of easier figuring I prefer to call it \$40.

If the cost of the ferromanganese is \$40 a ton, and the amount required in a ton of steel is 60 cents, and the duty is \$4, or one-tenth

the price the steel maker is paying for it, it makes a difference of 6 cents in a ton of steel.

Steel is sold by the pound, 2,240 pounds to the ton. The steel maker is suffering in order that the Government may have \$400,000 a year, and incidentally that the Western Foundry Supply Company may go into existence, they are suffering $6/2240$ of a cent, which is $3/1120$ cent per pound. That is what they are suffering.

Now, in spite of that fact, I would not ask you to keep the duty on if in your estimation, as small as that saving would be, the steel men would go to the consumers of the United States and say, "Gentlemen, owing to the abolition of the duty of \$4 a ton on ferromanganese we can make the steel at 6 cents a ton cheaper, or $3/1120$ of a cent per pound cheaper, and we cheerfully hand it over to you." But if you believe, as I believe, that the steel men will put that $3/1120$ in their own pockets, and will simply add that to the profits that do not need anything added to them, then I think it is eminently right and proper that the Western Foundry Supply Company, that has one separate entity, should be entitled to go into business and establish in this country a business that has never heretofore existed.

If there is anything in a tariff for protection, it seems to me right and fair that the Western Foundry Supply Company, if they do not ask for any more protection than has existed in the past, are entitled in their childhood to as much protection as these overgrown industries. I think they are an industry entitled to as much consideration as any other industry.

If, on the other hand, there is anything in a tariff for revenue only, it seems to me that there is no way in which the Government could get a revenue and work less hardship on the general consuming public than by maintaining the duty on ferromanganese.

There is one other industry in this country that uses ferromanganese that has not asked for the abolition of the duty, so far as I know, and that is the manufacturer of car wheels.

This knowledge is common property. It is common practice in the matter of car wheels that ferromanganese is used, but only to the extent of one-quarter of 1 per cent. The standard car wheel up to a short time ago was 600 pounds. A quarter of 1 per cent of 600 pounds is a pound and a half. At \$40 a ton, a pound of ferromanganese is worth approximately a cent and a half. A pound and a half would be worth, roughly, $2\frac{1}{2}$ cents.

In other words, the car-wheel maker is suffering a loss by the retention of the duty of $2\frac{1}{2}$ cents on a 600-pound wheel, and with the duty being \$4 a ton.

I did not get that right. The cost of the ferromanganese in a 600-pound wheel is $2\frac{1}{2}$ cents, and the cost of the duty to the car-wheel maker is one-fourth of 1 cent. In other words, the cost per pound of car wheels, the car-wheel maker is suffering a loss of \$0.0124, and in view of the small losses which are divided, as Mr. Schwab said, among very few people—because the steel manufacturers are very few in number—and divided among people who are eminently able to stand them—it seems to me right and proper that this concern should be permitted to inaugurate its business in this country and establish a new business.

The CHAIRMAN. This is in the same paragraph with pig iron, is it not?

Mr. GILCHRIST. I think so.

The CHAIRMAN. And requires the same duty?

Mr. GILCHRIST. Yes.

The CHAIRMAN. Do you think it should bear the same duty as pig iron?

Mr. GILCHRIST. Well, there is no criterion by which one who hopes to be a manufacturer of ferromanganese can go, because there are no commercial ferromanganese manufacturers. I do not know absolutely what it is going to cost to make ferromanganese in this country. All I can do is to go on estimates, ask as many questions as I can. You can realize that it is impossible for me to go to the Carnegie Company and ask them what it costs them.

The CHAIRMAN. Do you not think that you ought to give some information by which the committee can find out what it costs?

Mr. GILCHRIST. Yes, sir. As far as we can figure, it will cost us \$40 a ton.

The CHAIRMAN. What is the price laid down in New York to-day?

Mr. GILCHRIST. About \$43; it has been \$39; it varies.

The CHAIRMAN. And you can make it for \$40?

Mr. GILCHRIST. We can make it for \$40. We can not tell what the Englishman makes it for.

The CHAIRMAN. Laid down at \$40 before the duty is paid?

Mr. GILCHRIST. That is, with the duty paid. It is common talk in the ferromanganese business that the Englishman gets just about cost for his ferromanganese when he gets £8 for it laid down in this country.

The CHAIRMAN. You only manufacture small quantities?

Mr. GILCHRIST. Yes; we would manufacture about 35,000 tons a year.

The CHAIRMAN. You have manufactured?

Mr. GILCHRIST. We would if we were allowed to go into the business.

The CHAIRMAN. You say it would cost \$40 a ton?

Mr. GILCHRIST. As far as we have figured, it would cost us \$40 a ton, sir.

Mr. CRUMPACKER. You are not in the manufacturing business?

Mr. GILCHRIST. No, sir.

Mr. CRUMPACKER. You are prospectors?

Mr. GILCHRIST. We have prospected so far that we are ready to go into the business of manufacturing now.

Mr. CRUMPACKER. And you personally have had no experience in manufacturing ferro-manganese?

Mr. GILCHRIST. No, sir. It is not manufactured in this country. I want to go a little further and say that it is impossible to tell you from facts what it costs the Englishman to manufacture it, but it is common talk among the ferro-manganese men that it will cost us \$40. If you take the \$4 a ton duty off, it is our understanding, it will cost them about \$34 to lay it down here, and that would preclude the possibility of our going into business.

Mr. LONGWORTH. Have you put up a plant?

Mr. GILCHRIST. No; not yet. We are ready to put up a plant. We are ready to spend half a million dollars to put up a plant and inaugurate this business in this country if the duty of \$4 a ton is maintained.

**STATEMENT OF F. W. TAUSSIG, PROFESSOR AT HARVARD COLLEGE,
CAMBRIDGE, MASS.**

(The witness was duly sworn by the chairman.)

Mr. TAUSSIG. Mr. Chairman and gentlemen of the committee, of course I can not pretend to have anything like as detailed knowledge of the particular industries concerning which you have heard as the gentlemen who are engaged in them, and I can not pretend to have as detailed acquaintance with the various paragraphs and schedules of the tariff as some of you gentlemen who have been compelled to pay attention to them. But at the same time, I have given a good deal of attention to the history of tariff legislation, and I have given some thought and inquiry to the principles of the subject, or what seemed to me to be the principles of the subject, and I venture, therefore, to say, in the first place, a few words upon the question of principle—

Mr. McCALL. Will you please state your occupation?

Mr. TAUSSIG. My occupation is professor of political economy in Harvard University.

Mr. McCALL. I understand you are at the head of the department of economics at Harvard University?

Mr. TAUSSIG. I am the senior member of that department in Harvard University, and I have written more or less on various economic subjects, and among other works I have written a history of the tariff legislation of the United States, which may have been seen by some of the members of the committee.

I wish to begin, in the way of explaining my feeling of the question of principle, by pointing out that in this country there are two great classes of manufacturing industries.

On the one hand, there is a range of industries which either are exporting products or else are carrying on their operations quite independently of competition from abroad. We know that there are exportations of all sorts of metal manufactures, household hardware and machinery, sewing machines, and electric apparatus. A list is given every year in the reports of the American Iron and Steel Association. We know there is exportation of such things as sewing silks, and some sort of pressed glassware, and so forth.

We also know that there is a great range of manufactures of which there is no importation and as to which there is no probability or danger of importations upon which the duties are moderate or low. For instance, there are boots and shoes. There are practically no boots and shoes imported into this country. There is practically no pressed glass imported into this country. There is virtually no pig iron imported nowadays, except special qualities, as the members of the committee know.

On the other hand, there is a great range of industries more familiar as to which there is danger of competing imports and as to which it is said with plausibility, and in some cases doubtless with truth, that if there were not very high duties in those industries those commodities would be imported.

Now, it is perfectly obvious that there must be a great difference in the relative condition of those two classes of manufacturing industries—that is, there must be a greater efficiency of labor in the one case than in the other. If we export pressed glass and pay high wages to the people engaged in making it (the rates of wages are

general high rates of wages in this country in both classes of industry), if we sell it abroad or at home as cheap as it could be imported, it is perfectly obvious that the efficiency of labor in that industry must be great.

If, on the other hand, there is an industry such as window glass used to be, and perhaps still is, in which, notwithstanding high duties—duties of 60 or 70 per cent—importation continues, it is obvious that the efficiency of labor in that industry must be relatively low.

In the one industry you have high wages and low prices of the commodity which is disposed of. In the other industry you have high wages and relatively high prices for the commodity which is disposed of.

Let me illustrate that, if you will pardon me for continuing for a moment on that train of thought, by contrasting some of the great agricultural industries or industries closely allied with agriculture.

The bulk of our exports is of agricultural products. They must be sold in foreign countries, in competition with commodities of the same kind produced in foreign countries. They must be sold in this country at a lower price than those commodities can be produced in foreign countries and sold here. We know that wages in these industries are higher in the United States. If wages are higher and yet the prices of the commodity are low, it follows, of course, that the efficiency of labor in those industries is great; in other words, those are industries in which the labor of the people of the community is applied to greater advantage, with greater efficiency, with greater productiveness, than in those industries which call for protection.

Now, there are some agricultural industries in which that is not the case, and some agricultural commodities which are imported into the United States. It is somewhat curious to know that a country that ranks first in the production of agricultural commodities, should nevertheless import some agricultural products, such as flax and hemp. Those articles are not produced here to any extent, but they are imported, notwithstanding there is a considerable duty on them. What does that mean? That means that labor in those industries necessarily, for some reason, is inefficient—or, for fear the phrase "inefficient" may bear some implication, I will say not productive, not yielding much.

What are the causes of efficiency? Why is it that in some industries in the United States we have high wages and low prices, and in other industries we can not have high wages unless we have high prices? The reason, of course, is that the efficiency of the labor unit is different in one case from that in the other. What is the cause for the difference? Our agricultural resources are very great. Our climate is advantageous. That is one cause of efficiency in agricultural production, and the combination of high wages and low prices.

I think, however, quite as important a cause in the United States is the mode in which agricultural production is carried on. This is a community in which the use of the latest improved agricultural machinery, of intelligent modes of applying labor to the soil, are more developed than they are in most European countries—in fact, in any European countries. When, on the other hand, you find some agricultural commodities as to which the application of our machinery is not feasible—and that happens to be so in the case of

hemp and flax—there you find that the usual rule does not obtain, and that there the commodity is imported instead of being exported.

Turning again to the manufacturing industries, I think the general rule can be laid down that those industries in which there is opportunity for the application of improved machinery and for the substitution of machinery for hand labor, and in which that opportunity exists to the greatest extent, are the industries in which you find that combination of high wages and low prices per unit of product which brings about the establishment of the industry within the country and its independence of duties.

I think perhaps as striking an illustration as any can be given in a phrase which I found in the tariff hearings; in the hearings which were held before you. A manufacturer of musical instruments, Mr. Pound, testified—and his testimony will be found on page 3894 of the hearings—in this language:

We are just about holding our own in the better classes of instruments. In other words, where American skill, American ingenuity, and where adaptability to local conditions occur, and where there is a perfect factory organization, we have held our own, but not otherwise.

And I can use another illustration, which I found in another hearing, with reference to an entirely different subject. A manufacturer of woolen goods, especially ladies' goods, used this language:

In France the finest fabrics for ladies' wear are produced. These fabrics are of the very finest texture, decidedly light in weight, and very sheer. At that, the cost of labor entering into these fabrics is of a very minimum amount, as the work is largely done by the peasantry, who take the warps home with them and weave the fabric on hand looms, the whole family bending their energies on getting out the product, for which they receive only a few francs per week, which in American money amounts to a song. The same applies to Germany.

Now, anyone who is familiar or who has learned something—I can not say I am familiar, but I have learned something—of the difference in textile manufacturing in the United States and Europe will find that in regard to the finer quality of goods, specially those using very high count yards, automatic machinery, power looms at high speed, and with half a dozen of them attended to by one weaver, can not be used.

Where power looms can be used the weavers turn out a great deal per day, and those are the conditions under which American ingenuity is applied to advantage, and those are the conditions where the product is turned out in the United States, notwithstanding higher wages, at as low price as it is turned out in foreign countries.

Now, that leads me to say a word on the general question, which has been thrashed out doubtless before your committee, and still which I will refer to for a moment. We have a generally higher rate of wages in the United States. I think that higher rate of wages is generally due to the higher productiveness of industry in the United States, the generally higher productiveness of industry, which is another word for the higher efficiency of labor, which is due partly to great natural resources, chiefly to greater intelligence, greater skill, better machinery, carrying on of the processes of production under those conditions which are favorable to American conditions.

On the other hand, in those industries where those conditions do not obtain, you will find a demand for protective duties appears.

Now, I think I state the opinion of all such persons as myself—students, teachers of economics—when I say that that is the fundamental cause of the maintenance of high wages in this country.

Those high wages appeared before we had any protective system. They maintain themselves, even although there is a protective system, and would maintain themselves if the protective system were done away with, although necessarily under that proposition, with changes in the distribution of labor, there would very likely be greater disturbance than the eventual result would justify.

But, as I have said, our belief is that the general contention that the general high rate of wages in the United States is due to the protective system is unfounded. Where you have industries in which the efficiency of labor is not great, in which you have high wages, and yet do not turn out much per man, then, of course, you have to have the high price of the product in order to maintain the high wages. Those industries will not be maintained unless you have the protective system.

I wrote down as I heard the very interesting testimony of Mr. Schwab, a memorandum of a statement of his, which exemplifies, perhaps as well as anything, the situation. Mr. Schwab was comparing the pig-iron furnaces in the United States and England. In the United States he said he had a better plant, he had one-half as many laborers, he paid those laborers twice as much, but the output per unit of labor was twice as much, and, therefore, he was able to sell his product as low as the Englishman.

He stated also that in Germany great improvement had been made in recent years, and he said, in his opinion, the technical conditions in Germany were not inferior at this time to those in the United States, to which the obvious answer is, I think, that it is time for the people of the United States to adopt those improvements where they have not done so.

Now I wish to add one word more as to a state of things, or a possibility, which has played a large part in the discussions of the academic economists, and which has been of importance in the outcome of protection in the United States during the last twenty years.

Some industries which may not seem to be adapted to American conditions, that is, industries which do not seem to be amenable to the machine process, to the development of labor-saving machinery, may possibly be made so by being stimulated in this country through protective duties. In other words, the argument for protection to young industries, for developing young industries, may be applied, and I think there is ground for supposing that in the starting and development of the iron industry, which took place between 1880 and 1900, there was an outcome of that kind.

I think the silk manufacture, which has been established by protective duties in this country, presents another illustration of the same kind.

When, however, you have an industry which has had a high range of duties for a series of years and is constantly clamoring for still higher duties, as well as a maintenance of the existing protection, and protests against any reduction of duties, then there is a *prima facie* case that no development is taking place or is likely to take place. Of that I think there is no more striking illustration than the

case of the woolen manufacturers. As you know, in 1867, when the present tariff on woolen goods was established, the woolen manufacturers said they would be satisfied with a net protection of 25 per cent. There was a compensating duty then, and the duty in fact was 35 per cent, of which 10 per cent was to compensate for dyed stuffs and internal-revenue taxes, leaving a net protection of 25 per cent. That duty has been steadily increased, and the compensating duty has been increased, although, as is doubtless familiar to the members of the committee, that compensating duty contains a large element of protection.

The ad valorem duty has gone up from 35 to 40, from 40 to 45, to 50, to 55, and it is now protested that 55 is not a bit too much.

Now, that seems to me *prima facie* indication that the object which is said to be the object to be eventually attained, namely, the ability of the home market to supply the commodity at as low a price as it could otherwise be obtained, is not in prospect in such a case.

I suppose all those who talk about protection to young industries will admit that ultimately the consumer is entitled to his dividend. But in this case there seems to be no such ultimate object in view.

My point of view, therefore, is that the aim of all legislation should be to get the industry of the community directed in those channels where it is most advantageous, in those channels where you have the combination of high wages and low prices. That is the one indubitable piece of evidence of great efficiency of labor, and unless you have that you are not going to have a high range of real wages.

From that point of view, I venture to lay before the committee some specific suggestions.

In the first place, I believe certain raw materials should be admitted free, partly because natural geographical conditions determine their advantages in production and partly because in the case of raw materials there is no such possibility of development of the protection to young industries—of introducing the application of American industry in its most advantageous way.

Therefore I believe certain raw material should be admitted free, such as coal and iron ore. If up in the wilds of Maine there had been suddenly discovered deposits of iron ore, such as have been discovered elsewhere in the United States, of course we would have considered it a great blessing. It happens that such deposits are found in Cuba, and then for some reason we suppose that discovery is disadvantageous to the United States.

Up on the Pacific coast, on the other side of the border, there are good coal mines. If in 1840—was it 1840 or 1842? Anyway, the time of the Oregon controversy, when we claimed that country for our own—if our claim, our contention, had been decided in our favor, we would have thought it a great blessing to have those coal mines. But, for some mysterious reason, when the coal happens to be on the other side of the border it is a disadvantage to bring it in; the mines are a disadvantage to us.

Now, coal, lumber, iron ore, hides, flax, and hemp should, in my opinion, be admitted free. I think, also, certain nominal duties might as well be swept away, which I conceive to be of no importance except for a slight trade across the border. We have duties on wheat, corn, barley, and oats. Those are commodities which are produced by American labor, and we have duties on them. I think they occa-

sionally fetter a little border trade. I see no reason why those duties should not be swept away.

Mr. FORDNEY. Will you name anything you would like to see a protective tariff maintained on?

Mr. TAUSSIG. May I finish first?

Mr. FORDNEY. Yes.

Mr. TAUSSIG. I will take up the case of wool. I do not believe there is any sound economic reason for maintaining a duty on wool, I think, in principle, wool should be admitted free. At the same time the woolen industry of the United States and woolgrowing in the United States has adapted itself to so great a degree to the present duty on wool that I should not now advocate the immediate sweeping away of the duties on wool. I think the wise policy in regard to the duty on wool is to reduce the duties on clothing and clothing wool from their present rate, and I think no substantial harm will be done to the woolgrowers of the United States, not enough certainly to offset the advantage to the community by reducing those duties one-third, from 12 to 8 cents a pound.

I think the duty on carpet wool has less justification, especially the duty on the lowest grade of carpet wool. I believe there is a different duty on different grades of carpet wool, 12 cents a pound on certain grades and 7 cents a pound on other grades. I think the cheaper grade of carpet wool, which is not produced in this country at all, ought not to have any duty at all; the duty might as well be abolished at once. I myself believe that no substantial interference would come if all carpet wool were admitted free.

Doubtless it is true that there is some of the better grade of carpet wool which might be used in the manufacture of clothing. I think no harm would come, on the contrary, if some clothes were made a little cheaper thereby; it would be so much the better for the people of the United States.

I think the duty on sugar should be reduced. The duty on sugar is an extremely burdensome one to the consumers of our country. It is, moreover, a duty in which the large part of the burden, while it falls upon the consumers, produces no revenue to the Treasury, as we know the duty on sugar is virtually a gift to those that produce it in Hawaii and the Philippines, and there is also a slight advantage to the producers in Cuba. I think it is slight.

Our beet-sugar producers, I think, would be very little affected by a reduction of the duty on sugar to 1 cent a pound. I think that would be a reasonable reduction, would be an alleviation of the burdens of the consumers, and would produce no excessive disturbance with domestic conditions.

I think there is no reason why pig iron should not be free. Mr. Schwab has testified to-day in regard to the cost of production of pig iron. I have listened to him with much interest. I think he is trying to be as frank and as honest as he possibly could be. I suspect, however, that the same sort of watchfulness should attach to his testimony here as should attach to that letter of his which he wrote to Mr. Frick about the cost of production of pig iron in 1899. At that time he had a little bias one way, and to-day I suppose he has a little bias the other way.

Oral statements of that sort had better be checked very carefully and carefully examined. In any case, I think it is admitted on all

hands that the bulk of the pig iron in the United States would be produced in the United States under any circumstances largely under the same conditions, that the only difference would be some fall in price to the consumer on the Atlantic seaboard, and some gain accrue to him in that way, although I believe no appreciable disturbance to the industry.

I think the duties on steel products, ingots, bars, plates, wires, should be reduced correspondingly.

There are a number of textile commodities, and especially cheaper textile commodities, upon which I think radical reductions could be made. The cheaper wools, the cheaper cottons, the cheaper silks. Linens are, I believe, practically not made in the United States at all, except some towelings, and the duty upon those is virtually a revenue duty, and I should think the question of the rate of duty upon linen would be governed by the question of what produced the largest revenue.

When it comes to cottons, woollens, silks, the duties upon all those commodities in their cheaper grades are now prohibitory. They are very, very high indeed. I think a very considerable reduction could be made with a very slight increase in importations, and yet with an occasional increase in importations which would redound, upon certain qualities, to the advantage of the consumer.

The duties upon the higher grades of textiles suggests precisely the problem to which I ventured to call the attention of the committee at the outset, namely, that it has been wholly disadvantageous to the community that we should endeavor to make within the country commodities as to which it can be fairly said American labor and capital are not applied to the best advantage.

I think the finer woolen goods, the dress goods particularly, supply as good an illustration as any. The duties on those are extremely high. The ad valorem is 55 per cent. The compensating duty is very much more than compensating, as I believe is freely admitted. The compensating duty on worsteds in 1867 was purposely made more than compensating from the circumstance that combing wools washed were admitted at the same rate as unwashed, whereas in 1867 you will remember that combing wools have paid a greater duty if unwashed than if washed. Yet the compensating duty has been adjusted upon the supposition that they paid full duty on the washed article. In addition, as you know, the compensating duty on those finer goods has always been a duty per yard, and the question as to how much is compensating depends upon refined calculations, in which the word of the producers has been taken, with the result, as I believe is admitted on all hands, that the compensating duty is more than compensating, and the net protection, instead of being 55, is 60, 65, or 75; who knows what it is?

That duty has been maintained for a long series of years, and notwithstanding the existence of that duty, importations steadily come in. I believe the explanation is that those are commodities in which American labor and capital are not applied to their best advantage, and as to which there is no prospect that at any reasonable time in the immediate future they will be applied to advantage.

I wish to qualify that statement, or rather I wish to add to that statement by way of supplement something in regard to the situation in reference to silk goods. As you know, during the civil war

we imposed a duty of 60 per cent on silk goods, and a great silk industry grew up in the way of manufacture. I think there has been—unexpectedly, it is true, because the duty was originally imposed for revenue purposes and not with a view of protection—but there has been a remarkable development of that industry, I think some development which brings some parts of that industry now within sight of the attainment of the object of protection to young industries. That is true in regard to ribbons and some other articles of silk manufacture—

Mr. HILL. I understood your previous proposition to be that the protection did not affect the wages of labor. In view of the fact that the raw material is free, where does the protection go except to the laborers?

Mr. TAUSSIG. I am not quite sure that I quite understand the question. I do not believe I said protection does not give protection to the laborer. The laborer who is engaged in those industries necessarily gets the high American rate of wages. Otherwise, he would not be engaged in that industry. The question is whether it would be turning American labor into industry where it is advantageously applied. In those industries where the labor can use machinery you have high wages and low prices.

Now, I would not advocate the immediate taking away of duties on silks or finer cotton, or woollen goods, or upon those articles which are now subject to protective duties. It would seem unreasonable and undesirable that there should be any sudden sweeping away of protective duties, and indeed I think there are some branches of the silk industry in which there is a reasonable prospect that in time they will be made amendable to American condition, and the object of protection to young industries; and that object may be obtained. There are others in which I think there is no prospect, such as the manufacture of laces, for instance, and silk goods of the finest weave.

Anything that can be made advantageously on the hand loom we had better not try to make, because those are not the conditions under which American labor can not be applied to advantage.

On the other hand, in those industries where you have high duties, and an apparent need of high duties in order to maintain protected industries, I should strongly—I will not say protest, but I should certainly say feel, against any increase of duty, and I think in a great many instances a reduction of the duties could be made without serious disturbances, and with advantage to the consumer, we know.

Mr. HILL. Is not the silk industry the absolute product of the protective system in this country?

Mr. TAUSSIG. Entirely so. Not entirely so, no; I will not say that, since silks were made before the war; but in the main that is true.

Mr. HILL. Do you think it would have been wiser to have depended upon the hand loom of foreign countries than to have established the industry by the system of protection?

Mr. TAUSSIG. I think whether it has been worth the price we have paid for it is extremely difficult to say; but in that case you have an example of long-continued protection, and I think it is time that the consumer should have his innings.

Mr. FORDNEY. I understood you to say that in your opinion the protective tariff had nothing to do with the high price of labor in this country?

Mr. TAUSSIG. Yes, sir.

Mr. FORDNEY. Well, is it not a very strange thing that wages have ranged higher under the protective tariff than under tariff for revenue only?

Mr. TAUSSIG. Is it not a strange thing that wages in the United States were higher before there was any protective tariff?

Mr. FORDNEY. When have wages been so high as in the past ten years; can you point out a time, except during the civil war?

Mr. TAUSSIG. You are referring now to money wages?

Mr. FORDNEY. Yes.

Mr. TAUSSIG. Of course, the rise in money wages which has taken place in the last ten years has been part of a world-wide phenomena, accompanied by a general rise in prices.

Mr. FORDNEY. The same abroad as here?

Mr. TAUSSIG. The same abroad as here. Money wages in Germany have advanced, money wages in France have advanced, and money wages in England have advanced, and that has been due, the most of us think, to the extraordinary increase in the gold supply.

Mr. FORDNEY. You say you would remove the duty on certain agricultural products?

Mr. TAUSSIG. Yes, sir.

Mr. FORDNEY. From 1893 to 1896 there was no duty upon potatoes. Do you think that that industry needed any protection at that time?

Mr. TAUSSIG. I think if the American farmer can not produce potatoes as cheap as the Canadian farmer in the long run—I do not know what may have been the special circumstances in that particular year—

Mr. FORDNEY. I know that that is the fact.

Mr. TAUSSIG. The American farmer has abundant opportunities for turning his labor into channels where it yields large returns. He exports large quantities of things he produces at low cost and with large returns to himself, and those are the best things to which he can turn his attention.

Mr. FORDNEY. You spoke about sugar. Do you know what it costs to make a pound of sugar from cane or beets in the United States?

Mr. TAUSSIG. I have read the testimony of Mr. Adkins—

Mr. FORDNEY. Oh, he is a purchaser abroad and a refiner here.

Mr. McCALL. I suggest that the witness be allowed to complete his answers.

Mr. FORDNEY. You may ask your questions as you see fit.

The CHAIRMAN. Professor Taussig will finish his answer if he has not done so.

Mr. McCALL. He said he had read Mr. Adkins and somebody else—

Mr. FORDNEY. Let us try to get along together, Professor, and let these other gentlemen leave us alone.

I asked you, do you know what it costs to make a pound of sugar either from cane or beets in the United States? I asked you that for this reason: You have stated that you believed the tariff on

sugar ought to be reduced and that it could be done without injury to the industry—

Mr. TAUSSIG. Without great injury to the industry, as a whole. I think it possible that it might be with some injury to the industry in Michigan. The great bulk of the beet sugar production in the United States is in the arid and semiarid regions and under conditions which are peculiarly favorable to the growing of the beets.

Mr. FORDNEY. The State of Michigan produces pretty nearly one-fourth of all the sugar that is produced from beets in the United States.

Mr. TAUSSIG. I have before me the figures for 1896-7, from which it appears that there were produced in the United States 433,000 tons of beet sugar, of which the State of Michigan produced 79,000 tons. It also appears that the State of Michigan produced more in that year than in any other previous year. From 1901 to 1905-6 the production of beet sugar in Michigan was about stationary. In that year—1906-7—the production was about 80,000 tons, about one-fifth.

Mr. FORDNEY. The United States or Michigan?

Mr. TAUSSIG. The United States, Michigan compared to the total in the United States. I have not the figures for the year 1907-8.

Mr. FORDNEY. You base your argument on a statement made by Mr. Adkins.

Mr. TAUSSIG. I am not aware of that.

Mr. FORDNEY. I think you said you did.

Mr. TAUSSIG. I beg your pardon. I said I read what Mr. Adkins said—

Mr. FORDNEY. But I understood you to say that Mr. Adkins said so and so.

Mr. TAUSSIG. I will withdraw that then. I did not mean to say that.

Mr. FORDNEY. To get back to the question. When you say you believe the sugar industry can stand a reduction, do you know what it costs to produce sugar either from cane or beets in the United States?

Mr. TAUSSIG. No; I have no information upon that subject that would be worth anything to the committee; what information I have is simply secondhand.

Mr. FORDNEY. You would not, then, recommend a reduction of the duty if you thought it would injure the industry?

Mr. TAUSSIG. Oh, yes; I would without hesitation. If I thought it would mean a considerable disturbance to the whole of the industry of the United States I should be extremely chary of making a recommendation of that kind. If I thought, for instance, that the abolition of the duty on pig iron would have the same consequences as it would have had, say in 1870, I should be very chary of making that recommendation. The abolition of the duty on pig iron now would leave most of the pig-iron industry of the United States about where it is; it would be a gain, however, in certain parts of the country. The reduction of the duty on sugar now would leave most of the beet-sugar industry of the United States little affected, perhaps not affected at all. The circumstance that it happened to affect the State of Michigan—that is one part of the country where, so far as I can make out, the production of beets is not carried on under the

most advantageous conditions or under conditions which, upon the whole, it is desirable to promote.

Mr. FORDNEY. Where do you get your idea that beets can not be cultivated profitably in Michigan?

Mr. TAUSSIG. There has been a good deal of discussion of the relation of agricultural conditions to beet-sugar production. The production of beet sugar has a good many of the earmarks of what we call intensive cultivation—that is, trying to cultivate a good deal on a few acres of land, instead of doing what the American farmer usually does—

The CHAIRMAN. I would like to know whether you and Professor Taussig have converted each other yet?

Mr. FORDNEY. I am not going to try to.

Mr. COCKRAN. They are illuminating each other.

Mr. FORDNEY. I would like to know whether you know what it costs to produce a thousand feet of lumber or a pound of sugar, and if you do know what it costs to produce either one, would you still favor the reduction of the duty?

Mr. TAUSSIG. If the members of the committee will permit me, I would like to say that I come here not on my own accord, but that I have been asked by the chairman of the committee to come here.

Mr. FORDNEY. I am glad to see you here.

Mr. TAUSSIG. Thank you, sir.

In regard to the cost of a pound of sugar or a thousand feet of lumber, it is obvious that if the production of a pound of sugar or a thousand feet of lumber in the State of Michigan can not take place unless there is a duty so that the prices of sugar and lumber can be raised, that, therefore, lumber and sugar are not produced in the State of Michigan under the same advantageous conditions as those things are produced which the State of Michigan can raise and turn out at low prices.

Mr. FORDNEY. On the other hand, anything that can not be produced without protection you would not approve of producing here?

Mr. TAUSSIG. That raises the question whether, in the long run, the country is worse off or better off by the application of the protective system—the application of protective duties—and that raises, of course, political and economic and social questions. I believe in the period from 1800 to 1840 there was certain reasonable ground for the application of the principle of protection to young industries. I believe since the civil war there have been some directions in which the community has gained by the application of the principle of protection to young industries. I believe when there is reasonable grounds to believe that ultimately the object to be sought by protection will be gained that it is proper to apply the principle. I believe that so far as sugar is concerned that the duty imposes a large burden upon the consumer, and that the present burden is made more undesirable by the circumstance that a large part of it goes to communities and modes of production which are not advantageous to the United States. It goes to the planters of Hawaii and the Philippines and Cuba.

If it is really desirable to protect the beet-sugar producers, it will be cheaper to pay them a bounty.

Mr. FORDNEY. Did I not understand you to say that sugar was not a revenue producer?

Mr. TAUSSIG. Oh, no; I did not say that. Sugar is a very large revenue producer. If we reduce the duty 1 cent a pound, there would be some slight increase in importation and not a very considerable loss of revenue.

Mr. CLARK. In some of these suggestions you make you seem to, without saying so, advocate a certain thought that was incorporated in the tariff bill of 1833, for a sliding scale, looking to ultimate free trade, or approaching free trade; is that so?

Mr. TAUSSIG. No. That device in the act of 1883 never seemed to me a wise one.

Mr. CLARK. And you made another remark, that the tariff on corn and other agricultural products served no other purpose than to interfere with a little trade on the border. That is precisely what those tariffs are put in the tariff bill for.

Mr. TAUSSIG. Very likely.

Mr. CLARK. Now, another question. If it turns out that under the Dingley rates, prevailing since 1897, domestic potatoes sold one year as low as 4 cents a bushel in Wisconsin, and, maybe, in Michigan, and another year sold as high as 60 or 70 cents, then the inevitable conclusion would be that the tariff did not have anything to do with the price of potatoes, would it not?

Mr. TAUSSIG. I do not know much about potatoes, but I believe seasonal changes are very important; and I am sure there is a common practice to ascribe all sorts of things to the tariff, when, as a matter of fact, the tariff has nothing to do with them. As, for instance, the panic of 1873, the panic of 1893, and the panic of 1907 have all been ascribed to the tariff—

Mr. CLARK. Another thing. If corn sold for 20 cents a bushel, which it did in the field, and lots of it for 15 cents a bushel in 1893, under the rate then prevailing, and 15 cents a bushel on a tariff, as well as for 60 cents a bushel in the field now, with the same rate, then that proves it has nothing to do with corn; that the tariff has nothing to do with the price of corn?

Mr. TAUSSIG. I think the tariff has nothing to do with the price of corn.

Mr. CLARK. Not a particle, excepting in this roasting-ear trade on the Canadian border.

Mr. TAUSSIG. A little bit, perhaps.

Mr. CLARK. Now, did you ever consider about this flax and hemp business, that they are crops that are exceedingly exhausting to the soil?

Mr. TAUSSIG. Hemp is said to be.

Mr. CLARK. And so is flax?

Mr. TAUSSIG. Yes, and so is cotton. I do not think that affects the situation one way or the other. Cotton is an exhausting crop and flax is an exhausting crop.

Mr. CLARK. What was the first crop you named?

Mr. TAUSSIG. Cotton.

Mr. CLARK. Tobacco is exhausting to the soil, I know, but the reason I asked you that question was that I was raised in Kentucky, where the hemp industry is a large one, and since then I have lived in Missouri. When I first went there hemp was one of the largest farming crops in the northwest part of the State. The farmers have quit

raising both flax and hemp there, and the reason they always assigned for it is that it wore the land out so fast.

Mr. TAUSSIG. Nevertheless, if it had been profitable, as profitable as cotton crops, they would have continued to raise it.

Mr. CLARK. If you are not in favor of a sliding scale, then how are you going to get at this result you desire gradually, of, for instance, reducing the duty on silk that Mr. Hill was asking you about?

Mr. TAUSSIG. I think by carefully considering changes from time to time, not too often repeated and not too menacing when you go at it. The extent to which the tariff affects the whole industrial system of the country seems to be greatly exaggerated. The extent of the change from any reduction in duty is not going to be so great. We are not going to ruin in either case, and I believe the proper method is by making gradual changes, and when we make a change let it alone for a while.

Mr. FORDNEY. You said you would put iron ore on the free list and pig iron on the free list, and you would reduce the duty on steel correspondingly. Did you mean that you would put steel on the free list also?

Mr. TAUSSIG. Well, I think I should put ingots and steel rails on the free list.

Mr. FORDNEY. Why?

Mr. TAUSSIG. Because, I am free to say, I believe that in regard to the pig iron, iron ore, steel rails, and ingots, the time has passed by when the change would be of great consequence to the community. It will probably affect somewhat the extent of the rise of the prices of steel products when another period of great demand comes in. If that period of great demand is one that shows itself simultaneously in all countries of the world, in England and France and Germany as well as the United States, it will not make any difference whatever. If there should be a condition, as has occurred before, when there is a period of great activity in this country and no corresponding change in other countries of the world, then the free admission of those commodities would somewhat moderate the rise in prices that would take place here.

Mr. FORDNEY. Did you hear what Mr. Schwab said, that by reducing the duty on steel American producers could maintain this market, but would be compelled to reduce the cost of production, and that labor entered into the cost of production more than any other thing, and, therefore, in order to reduce the cost of production wages would have to be reduced?

Mr. TAUSSIG. Yes; I heard him.

Mr. FORDNEY. What do you believe about that; what have you to say about that?

Mr. TAUSSIG. Well, labor enters into the cost of production of everything—

Mr. FORDNEY. Well, how about iron and steel?

Mr. TAUSSIG. Of course, in the long run, notwithstanding the extraordinary advances that have been made in the discovery and exploitation of coal and iron ore in the United States, notwithstanding the great improvements in production, notwithstanding those puttings of new capital into plant, which Mr. Schwab has so carefully described, and which is familiar to everybody who has followed the course of the iron and steel industry, if the time has come when we

can not make iron and steel as cheaply as we can get it from foreign countries, I think we had better go abroad for it. In the main we can make it, and I must say that I distrust his figures. You will remember that Mr. Schwab admitted that he had a bias in the statement he made in the letter to Mr. Frick. So, I say, he probably has some bias now. Of course I do not mean to reflect at all upon his frankness or sincerity or honesty. I think he has tried to tell the truth, just as he did when he wrote that letter to Mr. Frick. If the committee really wishes to obtain the cost of the production of iron and steel, however, I believe that you ought to appoint men to make a careful and unbiased investigation of the facts. All this information that you are getting from the steel corporations and other companies is necessarily somewhat biased.

Mr. FORDNEY. Do you believe it would reduce the price of steel rails in this country if steel was put on the free list?

Mr. TAUSSIG. Now you are asking about steel rails. I doubt it very much. I thought you referred to steel.

Mr. FORDNEY. Say steel, then.

Mr. TAUSSIG. Steel ingots and billets are somewhat different. The price of steel rails, as Mr. Schwab has pointed out, has been a very even price since 1901. Anybody that has watched the reports of the Iron and Steel Association will see that that price has been kept steady at \$28 a ton. I doubt if that price would be changed if steel rails were admitted free of duty. I wish to say also that I have watched with interest and—if it does not seem a patronizing term—with approval the policy which the United States Steel Corporation has followed in that regard. I think the policy has been to temper the great fluctuations of industry, which are one of the curses of modern times.

The price of steel rails has been about as high in England—

Mr. FORDNEY. Say structural steel, then. Do you think it would lower the price of steel generally?

Mr. TAUSSIG. Yes; I think on the Atlantic seaboard and very likely on the Pacific coast, which can be reached by water, it would lower the price slightly.

Mr. FORDNEY. Then, if this statement were true, that the price of production would have to be lowered in order to maintain the markets, he was correct when he said wages would have to be lowered?

Mr. TAUSSIG. Yes. If it be true that such reduction in price as would take place in times of great activity, or such prevention of rising prices, of those commodities as to which the policy of a steady price has not been developed, and if he can not stand that, then I think he has got to take the consequences.

Mr. FORDNEY. You would not advise it being done if it would lower the price of labor?

Mr. TAUSSIG. If it brought about a curtailment of the output of those works or a discontinuance of the operation of these modern plants, I should say yes. Why not?

Mr. COCKRAN. I would like to ask you a question or two.

First of all, I think we have had a good deal of confusion of terms about this question of prices. Now, do you regard high prices for commodities as an evidence of prosperity?

Mr. TAUSSIG. No.

Mr. COCKRAN. On the contrary, would you not rather regard low prices as a sign of abundance?

Mr. TAUSSIG. Low prices combined with high money income; yes.

Mr. COCKRAN. For instance, take the case of a farmer producing corn. He is certainly better off producing a hundred bushels, we will say, and selling it at 50 cents a bushel than he would be producing 40 bushels and selling it at a dollar a bushel. Do you agree with that?

Mr. TAUSSIG. Yes; I think your arithmetic is right.

Mr. COCKRAN. Well, in the one case he would get \$40 and in the other case \$50.

Mr. TAUSSIG. Assuming he can produce it with the same labor.

Mr. COCKRAN. I mean, as a matter of fact, under normal conditions of production low prices are evidence of abundance and of prosperity, are they not?

Mr. COCKRAN. I just ask you to return to that question of wages about which Mr. Fordney has questioned you, concerning which Mr. Schwab has undertaken to give us some enlightenment. You were asked by Mr. Fordney if there ever was a time when wages were as high in this country as they were during the last ten years. I ask you if wages, measured by the purchasing power of a day's work, were not actually higher under the Walker tariff, from 1846 to 1857, than they are to-day?

Mr. TAUSSIG. Nobody knows, but I think not. The world has improved immensely since that time. Great improvements have taken place the world over, and I imagine the workingman in the United States, and, in fact, in all other countries, is better off than he was fifty years ago; but I think that has nothing to do with the question of free trade or tariff.

Mr. COCKRAN. Since wages are assigned as the basis for this protective legislation, it is very necessary that we should understand the conditions which govern wages. It is for that reason I am questioning you, Professor. As I understand it, your answer to Mr. Fordney is that you would be quite prepared to favor the abolition of a tariff on sugar?

Mr. TAUSSIG. The reduction of the duties upon sugar, I mean.

Mr. COCKRAN. The abolition, I understood you to say, if it were clear that attempts to produce sugar in this country merely resulted from diverting capital from fields where it would be productive to fields where it is unproductive.

Mr. TAUSSIG. Where it would be less productive.

Mr. COCKRAN. But that is your position?

Mr. TAUSSIG. That is the long-run result, I should say; yes.

Mr. COCKRAN. Exactly; and when you state that, so far as Michigan is concerned, you would be prepared to inflict even on Michigan the necessity of going into some profitable business instead of going into the unprofitable business of raising sugar, you are governed by regard for the community, are you not?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. And it is the want of the community you are considering here, as distinguished from Mr. Schwab, who said he did not consider the necessities of the community at all. You heard him say that?

Mr. TAUSSIG. I answer for myself, sir. I will not answer for Mr. Schwab.

Mr. COCKRAN. Now, Professor, you have given us some striking instances of cases where wages are higher in unprotected industries than they are in industries that are highly protected.

Mr. TAUSSIG. As high.

Mr. COCKRAN. In some you said higher, did you not?

Mr. TAUSSIG. I did not mean to.

Mr. COCKRAN. In other words, you mean the standard of wages is about the same everywhere?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. And that you can not get persons to work in one industry more than in another unless you pay them the general standard of wages?

Mr. TAUSSIG. The going rate; yes.

Mr. COCKRAN. Now, I would like to ask you, Professor Taussig, this: Is it your understanding that wages can come from any other source than the product of the labor?

Mr. TAUSSIG. No; from the product of all industry.

Mr. COCKRAN. They must come from the product?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. If the laborer gets more than the value of his product, the employer will soon go broke, will he not?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. So that, in the last analysis, the conditions that make for high wages are not protection or taxes, but the volume of production?

Mr. TAUSSIG. Yes; I think that is true.

Mr. COCKRAN. Very good. And when you answered Mr. Fordney that under conditions that restricted production—that is, where a tariff operated to restrict production you would abolish it—you would direct the employment of capital from a field that is unproductive to one that is more productive?

Mr. TAUSSIG. In the long run, that is what I would like to do.

Mr. COCKRAN. I understand you to have testified here really from the protectionists' point of view. I mean to say your testimony was really testimony in favor of a protective system; that is to say, a system which imposes protection duties with a view to developing industries that will be self-supporting. That was the theory on which you gave your testimony, was it not?

Mr. TAUSSIG. I think I said that the case of protection to young industries was that in which protection was mainly advantageous in developing production.

Mr. COCKRAN. I understand that. That is to say, you have approved the levy of duties upon industries where there was a prospect that these enterprises could be developed to a point where they could become self-sustaining?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. Now, take the case of the textile you mentioned. We have had cases of steadily increasing protection being levied by law, to which you have called attention, and a demand either for higher duties or for the maintenance of these. You favor, as I understand it, a reduction of all these on the ground that maintaining the system is simply maintaining a system of doing business at a loss.

Mr. TAUSSIG. I think in the case of those textile industries in which there seems no reasonable prospect of advance, improvement, gain,

they mean a net loss to the community; and while it would not be wise to advocate, and no one would advocate, the immediate abolition of those duties, it seems to me it is time that the process of increasing them should be stopped and that a beginning of reduction should be made.

Mr. COCKRAN. If they can not get along with less tariff than they have now, any reduction would mean their immediate extinction, of course.

Mr. TAUSSIG. Not necessarily.

Mr. COCKRAN. Do you think there would be any way by which you could gradually extinguish them?

Mr. TAUSSIG. I do not know. I think in a good many of those cases those who are engaged in them are making a good deal of money, and a very considerable reduction could take place without any great change in the industry and without any effect upon wages, especially in those cases where there are a comparatively small number of establishments carrying on operations on a large scale, and not subject to very serious competition.

Mr. COCKRAN. There, your answer is based on a different conception of the facts. The reduction of the tariff would simply affect their profit?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. But take the case which we have had testified to here again and again, that any reduction of the tariff will operate to destroy them, although the tariffs have been increased, as you have pointed out, steadily now for over a generation. In that case, where any reduction of the tariff would mean their total destruction, would you hesitate to apply it?

Mr. TAUSSIG. Their total destruction? Yes, I should.

Mr. COCKRAN. Why?

Mr. TAUSSIG. Because I think that a sudden change in industrial conditions is disadvantageous.

Mr. COCKRAN. I want to get just what you propose. Of course, any change in general industrial conditions would be disadvantageous, but I understood you to testify on your direct examination that where an industry shows it can not be made self-supporting, you are in favor of cutting it out, on the ground that there is no justification to do business at a loss?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. Even if the loss be made up by taxation?

Mr. TAUSSIG. Yes.

Mr. COCKRAN. Now, take one of those cases where the tariff has been increasing steadily for a generation or two generations and is now high, as you describe, and they say they can not stand any reduction whatever. Would you hesitate to reduce the tariff?

Mr. TAUSSIG. No; I think I should reduce the duties and see what they would do.

Mr. COCKRAN. You do not believe it is wise policy to encourage doing business at a loss, even if the loss is made up by taxation?

Mr. TAUSSIG. No.

Mr. COCKRAN. You believe it is better to invest the money of the country at a profit and employ it where it is employed profitably than to do business at a loss, even if the loss is made up by taxation?

Mr. TAUSSIG. I should not use precisely that language, but I think I mean the same thing. I should not say profit and loss, but modes by which it would produce a larger or more advantageous output.

Mr. COCKRAN. I thought you made the distinction that you are perfectly willing to continue protective duties on any industry that gives promise of becoming self-sustaining, independent of taxation, some time or other.

Mr. TAUSSIG. Yes.

Mr. COCKRAN. And you are even, as I understand it, very niggardly as to the length of time within which it shall become self-sustaining. What you want is a prospect.

Mr. TAUSSIG. Yes.

Mr. COCKRAN. But where there is an industry that shows no prospect of becoming self-sustaining, but comes in here again and again asking additional tariff taxation or else the maintenance of taxation that has already been greatly advanced, there you consider that industry gives no hope of being self-sustaining, and you do not think it is wise to carry it on at a loss through taxation?

Mr. TAUSSIG. Yes; eventually I should agree to that.

Mr. UNDERWOOD. I would like to ask a question of the professor. You stated in your opening remarks that a great many of the present tariff duties were prohibitive.

Mr. TAUSSIG. Yes, sir.

Mr. UNDERWOOD. I would like to ask you what effect, in your opinion, a protective tariff duty has on the question of making labor and capital work to the best advantage.

Mr. TAUSSIG. The prohibitive duty, of course, means the complete cutting off of importation. Where a duty is completely prohibitive and importations entirely cease, you have no certain clue as to the relation between supply by importation and supply by domestic production. It is quite conceivable that your domestic producer is not supplying you as advantageously as importation would supply you, but you do not know it, because there is not the test of competing imports. Under those circumstances it seems to me it is wise to bring the duty down to the point where at least there is some possibility of importation, and in the cases where the domestic supply is as cheap as the foreign supply—and there are such cases—I see no reason why the duty should not be reduced once for all. There would then be no considerable change in domestic production and yet there might be some subordinate importation of particular qualities of goods which can be produced less cheaply at home than abroad, and they might as well come in. Under those circumstances there is not likely to be any marked change, any considerable disturbance of existing relations, and yet there is some gain to consumers. I suspect that is the case with cotton goods, for example, which are produced, in the main, as cheaply in the United States as they are in foreign countries. I mean the commoner grades of cotton goods, as to which there would be no importation even if there were no duties, but as to which there are probably some sporadic qualities, fashions, kinds, that could come in advantageously, and they may as well come in.

Mr. UNDERWOOD. For the development of an industry of any kind do you not think it is necessary to have some competition in order to make the industry attempt to reach the highest ideal of production?

Mr. TAUSSIG. I think it is desirable, and for that reason I think the duty upon pig iron might as well be reduced. Mr. Schwab said the German pig-iron producers had taken the lead in the utilization of by-products and in the application of their technical modes of manufacture. I think it is a good plan for Mr. Schwab to be put to his trumps, to see if he can not do as well, or even better.

Mr. UNDERWOOD. Then, where you find the present duty is prohibitive, you think it wise, for the development of the country and for the development of the manufacturing interests of the country, to reduce that duty to at least a competitive basis?

Mr. TAUSSIG. It seems to me quite essential—distinctly so.

Mr. UNDERWOOD. As to the question of wages, I understood you to say that in the last decade, although wages have greatly increased in this country, they have correspondingly increased in foreign countries?

Mr. TAUSSIG. It is extremely difficult to say whether the increase has been corresponding, because statistics of wages are very difficult to measure and very difficult to make out, but the general rise in money wages and money prices has unquestionably been world-wide. I think it has taken place a little more rapidly, both as to wages and prices, in this country than in Germany or England.

Mr. UNDERWOOD. You do not attribute that at all to the tariff increase?

Mr. TAUSSIG. Not in the least.

Mr. UNDERWOOD. You think it is due entirely, the world over, to the increased production of gold?

Mr. TAUSSIG. I myself believe that is the main cause, but some economists think that other causes contribute also.

Mr. COCKRAN. Professor, the rate in wages, you say, has gone up very much during the last ten years?

Mr. TAUSSIG. The money rate of wages.

Mr. COCKRAN. Do you not think the cost of living has gone up even in higher degree?

Mr. TAUSSIG. There are statistics upon that subject published by the Bureau of Labor to which I can refer you.

Mr. COCKRAN. You do not start out in your general discussion with the assumption that the net rate of wages, by which I mean what a man gets for a day's work, has appreciated much in the last ten years?

Mr. TAUSSIG. I think I said money wages and money prices have both gone up. Therefore, wages have not gone up in proportion to money wages.

Mr. UNDERWOOD. Did you consider the question of this tariff bill at all from a revenue standpoint, Professor?

Mr. MC CALL. I was just about to ask that question.

Mr. TAUSSIG. I have, somewhat; yes, sir. I think such reductions of duty as I have suggested would probably mean a net reduction of revenue, provided the importations in general did not increase. Now, it is one of the great defects of our general revenue system that the revenue is absolutely incalculable. No predictions of any Secretary of the Treasury laid before you now are worth anything as to the revenue which is going to come in during this fiscal year, for the reason that it is impossible to say what the general course of industry is going to be, how large importations are going to be. All the in-

dications are that trade will revive somewhat, that imports in this fiscal year will be greater than they were in the last fiscal year, and therefore the net revenue from the tariff will be greater than it was before.

I wish, however, to lay before the committee one consideration which it seems to me might be borne in mind in connection with the revenue aspects of the tariff. The United States now has on deposit in national banks \$120,000,000 over and above the amounts to the credit of disbursing officers. The exact figures are given in the last Treasury report. The net cash balance was something over \$158,000,000. Of that, \$100,000,000 was deposits in national banks. That represents surplus of previous years, and that surplus is now available for spending. I think it is bad policy for the Treasury and bad policy for the banks that great sums of public money should be in the hands of the banks without their paying any rate of interest and under conditions where the withdrawal of that money is virtually not looked for. I think it is a great inducement to the banks to make loans in ways in which they would not make them if the money were not virtually put gratis at their disposal, and I think the existence of those very large deposits has been one of the factors which promoted the excessive speculative activity of the years 1905, 1906, and 1907, and also contributed to the crash of 1907. I think it is desirable that the United States should maintain a working balance, but should not maintain a permanent surplus in the banks, and I should not be sorry if as a result of a decline in customs revenue or increase of expenditure the existing surplus in the banks were drawn on for a year or two and got rid of. The United States Treasury has that, so to speak, to draw upon, and ought to draw upon it, in my judgment.

Mr. UNDERWOOD. I want to ask you a question on this question of revenue. Looking at it from an economic standpoint, an equitable distribution of the burdens of taxation, I want to ask you whether when we put goods on the free list and remove the tariff duties entirely that does not have a tendency to prevent the equitable distribution of the burdens of taxation?

Mr. TAUSSIG. Of course we rely, and are likely for long to continue to rely, mainly upon customs as a source of revenue. It is desirable that those commodities should be made the source of revenue which cause the least undesirable change in domestic products. It is desirable that those commodities should be made a source of revenue which can be allowed to compete in a healthful and stimulating way with domestic producers. I think the woolen industry, for instance, would, upon the whole, be managed in a better way for the community if there were more wool imports and if they furnished the healthy stimulus of having foreign competition. That would bring an increase of revenue.

Mr. UNDERWOOD. I quite agree with you on that line, but I do not think you understand my proposition.

Mr. TAUSSIG. Perhaps I did not, sir.

Mr. UNDERWOOD. I was looking at it from the standpoint of raising revenue and an equitable distribution of taxation among the people, so that the burdens of taxation could rest somewhat equitably. When we have a large number of commodities on the free list and limit our

scope of revenue-producing articles to a few, do we not then narrow the basis of taxation to fewer people?

Mr. TAUSSIG. That depends entirely upon the character of those articles. It seems to me, for instance, if the duties which you maintain are duties upon the finer silks and finer woollens and finer cottons, those as revenue duties are pretty good kinds of duties. The maintenance of the duties upon sugar means the maintenance of a duty which is a bad kind of duty, because the same tax is levied upon the poor man in much larger proportion to his income than upon the rich man. For the same reason, the duties upon tea and coffee are socially disadvantageous. The duties upon wool, it seems to me, are socially disadvantageous. They bear more hardly upon the man with small means than upon the man with large means.

Mr. UNDERWOOD. What do you say about the duty upon iron?

Mr. TAUSSIG. It is impossible to say. That lies at the base of all industries, like the duty upon lumber. Its ultimate incidence is in a slight increase, and in the present case, the duty upon iron, a very slight increase in the cost of certain kinds of plant. It seems to me all you can say is that the likelihood is that that benefit would be distributed fairly equally among the whole community. It is like an increase in the price of steel rails or a decrease in the price of steel rails. That filters through all the processes of production. It is finally very widely distributed, and I should say social considerations can be pretty well left out there.

Mr. UNDERWOOD. Looking at it from the question of taxation and an equitable distribution of the burdens of taxation, do you think it advisable to have a large free list or a small one?

Mr. TAUSSIG. It seems to me it is desirable to have a large free list of those commodities which are consumed in large quantities, like tea, coffee, sugar, wool. It is desirable to supplement that, if it can be done, by some processes of direct taxation. I think we have not enough of direct taxation in this country. That is, however, entering upon a very large field.

Mr. UNDERWOOD. I am inclined to agree with you upon that proposition personally, but as the Supreme Court stands in the path of this committee I do not think we need discuss that proposition.

Mr. MCCALL. Do you consider, Professor, the great amount of direct taxation that we have locally?

Mr. TAUSSIG. Of course, most state and local taxation is direct.

Mr. MCCALL. We are raising perhaps three times as much taxation in Massachusetts per capita for local purposes as we contribute per capita to the National Government.

Mr. TAUSSIG. That is true. That should be taken into account.

Mr. MCCALL. The State is confined practically to direct taxation and can not resort to customs duties.

Mr. TAUSSIG. That raises the whole question of the distribution of taxes between the state local authorities and the United States. I do believe, however, the United States might judiciously make use of direct taxation in some larger degree than it does.

Mr. COCKRAN. You differ, then, from those English economists who think that the taxing of a few articles of general consumption is at once the fairest method of imposing the tax and the most abundant in its results?

Mr. TAUSSIG. It is not the fairest method of imposing the tax. It is the one much the most convenient to administer. It is vastly cheaper to get a revenue from taxes on a few articles, like tea and coffee—

The CHAIRMAN. I hope we are not going very far into a discussion of the British taxes.

Mr. COCKRAN. He is giving us here his idea of the best method of taxation.

The CHAIRMAN. I want to get down to some practical tariffs.

Mr. COCKRAN. This is very practical, because you have the experience of the country that raises the largest revenue from the fewest number of articles.

The CHAIRMAN. Other gentlemen are waiting here.

Mr. LONGWORTH. Professor Taussig, do you think taking off the duty on lumber would have the effect to stop deforestation?

Mr. TAUSSIG. A slight effect, yes; and "every mickle makes a muckle." It is worth while.

Mr. LONGWORTH. There is one other question. You favor the abolishing of the duties on objects of art?

Mr. TAUSSIG. Yes; I do.

Mr. LONGWORTH. Would you suggest a definition of art which would enable us to accomplish that purpose?

Mr. TAUSSIG. I am sorry to say I can not; no. I wish I could.

Mr. LONGWORTH. Are you in favor of a maximum and minimum tariff?

Mr. TAUSSIG. I think, considering the present stage of legislation in Germany and France, if the minimum tariff be not made too high, there are probably advantages in negotiation. I think if the result is to bring about a lower economic tariff in the United States and a lower economic tariff in Germany and France it would be advantageous. I regret to see that stage of commercial warfare between the civilized nations, but it seems to be one which we have to face.

Mr. RANDELL. Professor, taking off the duty on lumber and sugar, or at least on sugar—it is off lumber—would kill those industries in Michigan, would it not?

Mr. TAUSSIG. I do not believe it would.

Mr. RANDELL. What other industries do you speak of that they could build up?

Mr. TAUSSIG. I do not know enough about Michigan to be sure; but when I look at Massachusetts, and go through the deserted country regions and see how farm after farm has been given up, how the population has moved to the town or gone west, and how the industrial conditions of Massachusetts have mightily changed, I say to myself that is one of the inevitable accompaniments of progress.

Mr. RANDELL. I did not know but what you had something in your mind, some particular things, that could be developed in Michigan.

Mr. TAUSSIG. No; I have no advice to give to the Michigan people.

The CHAIRMAN. I guess that is all, Professor. I would like to talk to you about an hour myself, but I do not think it would make any difference in your views.

Mr. TAUSSIG. And perhaps not in yours.

The CHAIRMAN. I think I could point out to you the practical difficulties of your position if I did.

TESTIMONY OF C. W. SIEBERT, 558 WEST ONE HUNDRED AND EIGHTY-FOURTH STREET, NEW YORK CITY.

The CHAIRMAN. We will now hear Mr. Siebert.

Mr. SIEBERT. Mr. Chairman and gentlemen of the committee, I will take but a few moments of your time on this subject of ivory billiard balls and piano and organ ivory.

Ivory billiard balls are turned from blocks of crude ivory like this sample, and any turner in the business would be very glad to do the turning at the rate of 5 per cent of its value. The true cost of it is nearer 3—between 2 and 3. The duty on ivory balls since the civil war has been 50 per cent. For what reasons I do not know, and I should be very glad if any member of the committee could tell me why it is so. I advocate the reduction of the duty on ivory balls from 50 to 5 per cent under those conditions.

Piano ivory, of which I have here sample pieces, is in exactly the same category. It is made by machinery. It requires little or no technical knowledge, and it has a duty on it of 35 per cent. In the hearings of the Fifty-third Congress, I believe it was—

Mr. HILL. Under what paragraph does piano ivory come?

Mr. SIEBERT. I can not give you the number, sir. I had to come here very suddenly and I did not bring my data with me. You have the testimony of Mr. A. G. Ropes, I believe of Boston, given at that time. He was then the largest manufacturer of piano ivory in the country. He testified before the committee at that time that he could produce all the piano ivory he required at not over and less than 10 per cent. The same question comes up upon this subject, why there should be a 35 per cent duty on an article that a manufacturer himself claims he can produce for 10 per cent or less.

It is for that reason I advocate and ask that organ and piano ivory be reduced to 10 per cent. If any competition to American manufacturers is to be permitted at all in either of those articles, there can be no other method of regulating it.

Mr. HILL. The ivory itself is free?

Mr. SIEBERT. The raw material is free in all countries; yes, sir. It comes from Africa and Asia, principally the east and west coasts of Africa, and is free all over.

Mr. RANDELL. Your raw material, this ivory, is not produced in this country at all, is it?

Mr. SIEBERT. No, sir; we have no elephants here.

The CHAIRMAN. I understand you to say you know it to be a fact that these balls can be turned for 5 per cent of the value of the ivory contained in them?

Mr. SIEBERT. Less; yes, sir.

The CHAIRMAN. Were you ever in the business?

Mr. SIEBERT. Twenty-five years.

The CHAIRMAN. You have been twenty-five years in the business?

Mr. SIEBERT. Not for myself, but I have been in the business twenty-five years.

The CHAIRMAN. They are turned by a turning lathe, I suppose.

Mr. SIEBERT. Yes, sir; an ordinary turning lathe. That includes not only the turning, Mr. Chairman, but it includes the dyeing and the finishing, polishing.

The CHAIRMAN. How much is the ivory worth per ball?

Mr. SIEBERT. Do you mean the raw ivory in its block shape, or do you mean the finished ball?

The CHAIRMAN. I mean the raw ivory, like what you have there.

Mr. SIEBERT. Ten dollars.

Mr. UNDERWOOD. Ten dollars for what?

Mr. SIEBERT. The block.

Mr. UNDERWOOD. That block you have there?

Mr. SIEBERT. Yes, sir; that turns out one 2 $\frac{3}{4}$ -inch billiard ball.

The CHAIRMAN. And it only costs 50 cents to turn it?

Mr. SIEBERT. Less than that. We have made inquiries and ascertained from one turner that it is not over 30 cents, and through inquiries within the last three or four days by myself a quotation was given me of 47 cents, but that was in small quantities, with reductions for larger quantities.

The CHAIRMAN. How much do those balls sell for at the factory?

Mr. SIEBERT. A finished ball of that size sells to-day at \$15.

The CHAIRMAN. The other ivory products, the piano keys, you say, have a duty of 35 per cent?

Mr. SIEBERT. Yes, sir.

The CHAIRMAN. What do you say they can be made for?

Mr. SIEBERT. That, Mr. Chairman, is a question that I can not answer accurately, and I would rather not answer it. The information that I have about that is the testimony of Mr. Ropes, given before the Committee on Ways and Means in the Fifty-third Congress. In the reports of the hearing, on page 1190, I believe, you will find Mr. Ropes's testimony. At that time he was the largest piano-ivory manufacturer of the United States. He has recently died.

The CHAIRMAN. That was when the Wilson bill was in process of formation?

Mr. SIEBERT. Probably. As I told you, I had very short notice to get here, and I had to leave everything behind.

The CHAIRMAN. We had considerable evidence on this subject when the McKinley bill was before Congress.

Mr. SIEBERT. I do not know whether there was very much evidence on it, Mr. Chairman.

The CHAIRMAN. I think that limitation about free ivory, describing it, so to speak, as with the bark on it, in its natural state, was put into that bill.

Mr. SIEBERT. Yes, sir; that was to get in the ball free; but the fact remains that with this enormous duty on it, is simply has centralized the whole thing here. There has been no competition.

The CHAIRMAN. There does not seem to be any importation of ivory balls at all.

Mr. SIEBERT. No; we are thoroughly eradicated. The firm I was with, with whom I learned my business, have practically been out of the business altogether ever since.

The CHAIRMAN. But there is quite an importation of other manufactures of ivory. That is, I do not know how much ivory is in use, but there is \$78,000 a year of the other manufactures of ivory and finished ivory.

Mr. SIEBERT. They must be altogether finished articles, but absolutely nothing can come in in raw shape.

The CHAIRMAN. I suppose these piano keys are sawed out first and then there is some polishing or smoothing process.

Mr. SIEBERT. They are simply sawed out into two shapes, and then as they are put upon the piano the mechanic joins them and puts the sharps in between, you see.

The CHAIRMAN. You can not tell what it costs to turn them?

Mr. SIEBERT. Not with any degree of accuracy; no, sir; and I would rather not state since I can not answer the question accurately.

Mr. FORDNEY. Why would you recommend the reduction of the duty?

Mr. SIEBERT. Simply to not centralize the interest entirely in this country. Competition is the life of trade. I believe in a fair tariff to protect American labor, and all that sort of thing, but it is very simple to see that in this case the duties are absolutely abnormal.

Mr. FORDNEY. There would be no one benefited by a reduction of that duty except the purchaser of billiard balls, would there?

Mr. SIEBERT. Probably not, because the labor employed in the manufacture of most of these articles is necessarily very small.

Mr. FORDNEY. However little it is, it would be better to have it here than to have it abroad, would it not?

Mr. SIEBERT. Possibly, as far as the labor is concerned; yes.

Mr. FORDNEY. From the revenue standpoint, then?

Mr. SIEBERT. From the revenue standpoint, no. Certainly not, because I have just testified that there has not been a dollar's worth of this material in finished shape imported here for years and years, simply because we can not compete under that heavy duty.

The CHAIRMAN. There certainly has been no importation for the last twelve years.

Mr. SIEBERT. If a reasonable duty is established, to enable us to compete with the American manufacturers, instead of an excessive duty, that would bring the Government revenue. That is certain.

Mr. FORDNEY. But there has been considerable ivory imported in one way and another?

Mr. SIEBERT. They have been articles of decoration, etc.

Mr. FORDNEY. What is your business?

Mr. SIEBERT. I am with a concern that has been in this business for twenty-six years, and they were forced to give it up. My object of coming here was that if this duty could be put upon a proper basis I should immediately go into business.

Mr. FORDNEY. If the duty were reduced from 50 per cent to 5 per cent, do you think the revenues of the Government would be increased?

Mr. SIEBERT. As it is to-day, sir, it gets absolutely nothing. What does the revenue come from?

Mr. FORDNEY. Not particularly the billiard balls; but there is some duty collected from other manufactured ivory, is there not?

Mr. SIEBERT. As I told you, that is probably on some finished articles of decoration, articles of vertu, curiosities, etc., but absolutely nothing from these trade articles, absolutely not a dollar's worth.

The CHAIRMAN. May I ask him a question right there?

Mr. FORDNEY. Certainly.

The CHAIRMAN. This paragraph 417 includes: "Dice, draughts, chessmen, chess balls, and billiard, pool, and bagatelle balls, of

ivory, bone, or other material." Would you have the duty lowered on all those?

Mr. SIEBERT. No; I merely speak of this raw article and not of the finished ball. It would mean another paragraph, of course.

The CHAIRMAN. You mentioned the billiard ball.

Mr. SIEBERT. Well, one of the grounds is because it requires absolutely no labor. It is not like a carved chessman or any article of virtu. That is a different class altogether.

Mr. FORDNEY. If there are no billiard balls imported, certainly what billiard balls are used are made in the United States, are they not?

Mr. SIEBERT. Yes, sir.

Mr. FORDNEY. Who would be benefited, then, by the removal of that duty?

Mr. SIEBERT. The purchaser of the billiard balls. It stands to reason that the more competition, the better the chance of the purchaser buying at more reasonable prices than if the thing is centralized in the hands of two or three concerns. Besides that, it would tend to bring revenue to the Government, while as it stands the Government gets absolutely nothing out of it.

Mr. FORDNEY. Is there any duty on the ivory imported as you have it there?

Mr. SIEBERT. On the block? No, sir. On the piano keys there is a duty of 35 per cent.

Mr. HILL. I do not yet quite understand what business you are in.

Mr. SIEBERT. I am with a firm that formerly was very large in the ivory business.

Mr. HILL. In the making of billiard balls and piano ivory?

Mr. SIEBERT. Billiard balls, and particularly piano ivory.

Mr. HILL. They are not now?

Mr. SIEBERT. They are utterly unable to import one cent's worth with the 35 per cent duty on piano ivory.

Mr. HILL. What are they doing now?

Mr. SIEBERT. They have quit that branch.

Mr. HILL. You said if the duty was reduced you would go into business. What kind of business?

Mr. SIEBERT. Into the importation of the piano ivory and the finished balls.

Mr. HILL. For use in piano manufacture and also for selling billiard balls?

Mr. SIEBERT. Yes, sir.

Mr. HILL. In what form does the ivory come in; in the tusk, or sawed up in that way? Is it brought into the country in that shape?

Mr. SIEBERT. Oh, no; it is prohibitive now. The only way it could come in would be as tusks.

Mr. HILL. It comes in free now?

Mr. SIEBERT. The tusk does; yes, sir.

Mr. HILL. Your idea is to reduce the duty so that you can import this in the finished form?

Mr. SIEBERT. Yes, sir.

Mr. HILL. And to be used in the further manufacturing of pianos?

Mr. SIEBERT. Yes, sir.

Mr. HILL. You are not in the piano business now?

Mr. SIEBERT. No, sir.

Mr. HILL. Your idea is, so far as the billiard-ball business is concerned, to import the finished ball rather than the tusk and have the labor performed here?

Mr. SIEBERT. Yes, sir.

Mr. HILL. And the work carried on here?

Mr. SIEBERT. Yes, sir; to import probably not tusks so much as the block.

Mr. HILL. Your purpose, then, is not to go into the manufacture of these things at all. It is to go into the manufacture which would utilize these things, and import your raw material practically free or at a very much lower duty?

Mr. SIEBERT. No, sir; that is not the raw material—

Mr. HILL. It would be your raw material in the manufacture of the piano, of course?

Mr. SIEBERT. Yes; taking it in that sense, of course.

Mr. HILL. That is what you want?

Mr. SIEBERT. Yes, sir.

Mr. HILL. To get the raw material for the manufacture of the piano as an encouragement to you to go into piano manufacture?

Mr. SIEBERT. No, sir; so as to permit us to import piano ivory to sell to the piano manufacturers.

Mr. HILL. Oh, you simply want to deal in the products?

Mr. SIEBERT. Exactly.

Mr. HILL. I see. You simply want to put yourself on a more favorable basis as an importer.

The CHAIRMAN. Are many of these piano keys made in this country now?

Mr. SIEBERT. Yes, sir.

Mr. HILL. Yes; a great many in Connecticut.

The CHAIRMAN. Most of them are made in this country?

Mr. SIEBERT. At the present time, all.

Mr. HILL. How much cheaper would a piano sell for if that article was imported free?

Mr. SIEBERT. Not very much cheaper, I am afraid.

Mr. RANDELL. In reference to the raising of revenue, you say we get nothing from that now?

Mr. SIEBERT. At the present time; no.

Mr. RANDELL. Suppose the tariff was levied on the ivory, the raw material?

Mr. SIEBERT. Yes, sir.

Mr. RANDELL. And then on the finished article, enough to make the difference, whatever difference the committee might think would be proper, in reference to the labor cost, if they considered that. Why would not that bring in revenue and at the same time make it possible for you to do business here or to import, either?

Mr. SIEBERT. Yes; that might be true, but it would be against the usual principles of all business on an article that is not raised here.

Mr. RANDELL. How would it be against any principle? If we raise the revenue on the raw material and that gave a differential on the finished product, that would permit the manufacture of it here and at the same time would permit a reasonable competition from abroad. Why would that violate the principle?

Mr. SIEBERT. Well, I can not answer that.

Mr. RANDELL. The result of it would be if the tariff was placed on the tusks, on the raw material, that would simply raise the revenue for the Government and would be putting a tax on this class of goods, would it not?

Mr. SIEBERT. Yes, sir.

Mr. RANDELL. It would be taxing something in the nature of a luxury, a billiard ball?

Mr. SIEBERT. Yes, sir. Is there anything more, gentlemen?

The CHAIRMAN. That is all.

Mr. SIEBERT. I am much obliged to you. I hope I will have better success with it this time than I had the last time. I am a little afraid that our Connecticut friends take too good care of their constituents.

Mr. HILL. Your purpose, then, is to put yourself in a better position as an importer of the finished product and not as establishing a new industry?

Mr. SIEBERT. No; it is no industry at all.

Mr. HILL. You do not propose to manufacture it?

Mr. SIEBERT. No, sir.

Mr. HILL. You propose, then, to transfer the industry from this country elsewhere in order that you may handle more goods as an importer?

Mr. SIEBERT. And make the United States revenue.

The CHAIRMAN. I guess we all understand it. Is there any other gentleman here who desires to be heard now?

Mr. RANDELL. I want to ask this gentleman another question. About what number of people, if you know, are engaged in the manufacture of these billiard balls, pool balls, etc.?

Mr. SIEBERT. Not many, sir. It is not a large business.

Mr. RANDELL. Where are they located?

Mr. SIEBERT. Mainly in New York, I should judge.

Mr. RANDELL. Brother Hill says he has some in Connecticut.

Mr. SIEBERT. That is the piano ivory.

Mr. RANDELL. And the billiard balls are mostly manufactured in New York?

Mr. SIEBERT. Yes, sir.

Mr. RANDELL. The way it is now, the Government gets no revenue, but these articles have to be manufactured there on account of the tariff excluding outside manufactures; and the country gets no revenue, but must pay these people who are engaged in the manufacture here?

Mr. SIEBERT. Yes, sir.

Mr. RANDELL. And the way I stated it would bring in the revenue and permit the competition both, would it not?

Mr. SIEBERT. I should judge so; yes, sir.

Mr. RANDELL. If we put the tax on the ivory, and then enough differential on the finished product to bring the revenue?

Mr. SIEBERT. Yes, sir.

STATEMENT OF EDWIN A. BURCH, OF DETROIT, MICH.

The CHAIRMAN. What is your name?

Mr. BURCH. Burch is my name.

The CHAIRMAN. What do you represent? What do you want to talk about?

Mr. BURCH. I want to talk about a drawback.

The CHAIRMAN. Just one moment. Is there any other gentleman here who desires to be heard now? There does not seem to be. We will give you fifteen minutes.

Mr. CLARK. I suggest this gentleman testify in the morning.

The CHAIRMAN. We have got a full day to-morrow.

Mr. CLARK. All right; go on.

The CHAIRMAN. Is your brief all written out?

Mr. BURCH. No, sir; this is a proposed amendment to the tariff bill.

The CHAIRMAN. What paragraph?

Mr. BURCH. That I have not gotten here.

The CHAIRMAN. What is the subject?

Mr. BURCH. Drawbacks.

The CHAIRMAN. Oh, drawbacks.

Mr. BURCH. Yes; this has nothing to do with increasing the tariff or lowering the tariff.

The CHAIRMAN. Go ahead; read it.

Mr. BURCH (reading):

That on the exportation of spirits, whisky, brandy, and cordials manufactured or produced in the United States on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on same—

The CHAIRMAN. I want to suggest to you that it is unnecessary to read that full amendment. You can file that and it will be printed. Now, state the reasons for it, and we will consider your amendment. State the reasons for a drawback on alcohol.

Mr. BURCH. The reasons for it mainly are that the present manufacture of exporting spirits is so tied up with red tape and circumlocution that we are absolutely prevented from getting our stuff out of the country, and if we are going to get an export business we have got to have the laws modified so that we can export.

This also provides for a drawback on manufactures of distilled spirits. A concern in my city—Detroit—in October of 1908, this year, got this decision on the exportation of herpicide, manufactured by the Herpicide Company, of Detroit, Mich.: That in the use of imported alcohol a drawback will be allowed equal in amount to the duty paid on the imported materials used, less the legal deduction of 1 per cent.

Those people are compelled to import German alcohol to Detroit, manufacture it, and get a drawback of the duty paid, instead of using domestic, American alcohol, which they could do with the proposed amendment that I am asking for.

The CHAIRMAN. We will have your amendment submitted to the Internal Revenue Bureau and have their opinion of it, as well as printed in the record, and study it carefully ourselves.

Mr. BURCH. This matter came up, Mr. Chairman, in 1902, and that time the objection raised was that we already had a method of exporting. Now we have two ways of getting spirits out of this country. One is by putting them up in a manufacturing warehouse set aside specially for that purpose, which is very cumbersome and very expensive; the other is to export bottled in bond from distillery warehouses.

Both of them have proved ineffectual. We are unable to do business under the regulations as provided by the department, and we desire to get some simple method of getting our product out of the country. In fact, the same product is brought in from foreign countries now, and this amendment provides that the appraiser of customs at the port of export shall determine the amount of the drawback. In other words, we want to get the matter so simple that we can get our product out of this country as easily as the foreign importer can get his product in here. If we can do that we can get a foreign business.

Mr. FORDNEY. You have an amendment prepared, have you?

Mr. BURCH. I have, Mr. Fordney.

The CHAIRMAN. Hand that to the reporter and let him put it in. (The amendment referred to is as follows:)

An amendment to the tariff bill to encourage the sale and exportation of articles of domestic manufacture.

SECTION 1. That on the exportation of spirits, whisky, brandy, and cordials manufactured or produced in the United States on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on same.

SEC. 2. That on the exportation of articles manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on the alcohol so used: *Provided*, That no other than domestic tax-paid alcohol shall have been used in the manufacture or production of such articles. Such drawback shall be determined by the appraiser of customs at port of exportation and paid in manner provided for payment of drawback on exportation of articles of domestic manufacture and production made wholly or in part from imported duty-paid materials, under section thirty of an Act entitled "An Act to provide revenue for the Government and to encourage the industries of the United States," approved July twenty-fourth, eighteen hundred and ninety-seven.

Mr. CLARK. Are you asking for a drawback on American alcohol?

Mr. BURCH. On American alcohol and spirits that are imported.

Mr. CLARK. A drawback of the internal-revenue tax?

Mr. BURCH. Of the internal-revenue tax.

Mr. CLARK. That is your proposition?

Mr. BURCH. That is our proposition. It absolutely in no way affects the revenue, because the drawback you give us would be immediately replaced by new stuff taking the place of that which was exported. So that it can not affect the revenues in any way whatever, but simply encourages and helps and assists us to get our product into a foreign country, where we are absolutely unable to do it to-day.

Mr. CLARK. Your theory is that it would let out much more of the alcohol that is made in America?

Mr. BURCH. Yes, sir; undoubtedly. Parke, Davis & Co., the largest pharmaceutical company in Detroit, have expended in Walkerville an investment of half a million dollars to manufacture, and they do manufacture there, all of their tinctures and drugs in which alcohol is used. They are manufactured in Walkerville for their export trade, and made from German and Canadian alcohol, and they went to the trouble, as I say, to invest a half million dollars in Walkerville to do it.

Mr. CLARK. Is Walkerville in the United States?

Mr. BURCH. No; it is across the river, in Canada. There is another gentleman here, or he was to be here this morning, representing the National Perfumers' Association.

Mr. CLARK. Your proposition is as simple as falling off a log. Everybody can understand it. If we conclude we want to do it, we will do it. If we do not want to do it, we will not do it, and there can not be any information had on the subject.

Mr. BURCH. Well, I thank you.

The CHAIRMAN. The committee will take a recess until to-morrow morning at 9.30.

(The committee, at 5.45 o'clock p. m., adjourned until Wednesday, December 16, 1908, at 9.30 o'clock a. m.)

APPENDIX.

SCHEDULE K.—WOOL AND MANUFACTURES OF WOOL.

AN ALL-WOOL SUIT.

PHILADELPHIA, *December 7, 1908.*

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: As confirmation of Mr. Justice's statement to your committee that a good all-wool suit can be purchased for \$12.50, I inclose copy of an advertisement of John Wanamaker, Philadelphia, in to-day's Philadelphia Record, in which you will notice he offers as equal to the \$12.50 suit worn by Mr. Justice two all-wool suits at \$10 each, one of which, the advertisement states, "as far superior in fabric."

Yours, truly,

HENRY M. STEEL.

[Advertisement of John Wanamaker, Philadelphia, in Philadelphia Record, December 7, 1908.]

THE STORY OF A MAN'S \$12.50 SUIT THAT WENT BEFORE A CONGRESSIONAL COMMITTEE, AND THE STORY OF A \$10 SUIT THAT DIDN'T GO.

The \$12.50 suit was worn by a prominent Philadelphian before the Ways and Means Committee at Washington as proof that an all-wool suit can be bought for \$12.50.

The newspapers have taken up the story and are even doubting whether that \$12.50 suit is all wool and whether an all-wool suit can really be sold for \$12.50.

But there is the real surprise.

Congress—We picked out of our regular stock on Saturday two of our \$10 suits that are absolutely all wool under chemical test (for we sell no suits that are not all wool), took them to this prominent Philadelphian, compared them with the \$12.50 suit that had been before the congressional committee, and being an all-wool expert himself and calling in his fellow-experts, they were inspected side by side.

One of the \$10 suits was pronounced easily the equal of the \$12.50 suit and the other as far superior in fabric.

Just to let you see what these \$10 all-wool suits are like, we are making a little exhibit of them in the men's clothing store to-day.

BRAIDS AND TRIMMINGS.**THE BRAID MANUFACTURERS' ASSOCIATION OF THE UNITED STATES ASKS RETENTION OF PRESENT DUTY.**

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Webbing, gorings, suspenders, braces, bandings, beltings, bindings, braids, galloons, edgings, insertings, flouncings, fringe, gimps, cords, cords and tassels, laces, and other trimmings and articles made wholly or in part of lace, embroideries, and articles embroidered by hand or machine, head nets, netting, buttons or barrel buttons or buttons of other forms for tassels or ornaments, and manufactures of wool ornamented with beads or spangles, of whatever material composed, any of the foregoing made of wool or of which wool is a component material, whether composed in part of india rubber or otherwise, fifty cents per pound and sixty per centum ad valorem.

The articles in this paragraph which specially interest us are braids and trimmings.

We recommend that the present duty of 50 cents per pound and 60 per cent ad valorem be maintained on these goods.

As shown in other briefs already submitted by us, a differential protective duty of 60 per cent ad valorem in addition to the compensatory duty equal to the duty imposed on the yarn is essential in order to cover the difference between the cost and expense of labor here and abroad.

In the event that the duty on wool yarn should be advanced or decreased the compensatory duty of 50 cents per pound can be advanced or decreased proportionately.

Respectfully submitted by the

BRAID MANUFACTURERS' ASSOCIATION OF THE UNITED STATES.
HENRY W. SCHLOSS, *President.*

CARPETS.**AMERICAN CARPET MANUFACTURERS URGE THAT DUTY ON CARPET WOOLS BE REDUCED.**

WASHINGTON, D. C., *December, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The undersigned, a committee of the carpet manufacturers of the United States, beg to submit:

That the amount of capital invested in the manufacture of floor coverings in the United States is approximately \$75,000,000;

That the industry gives employment to 35,000 persons, mostly skilled laborers, who are better paid than the employees of any other branch of the woolen industry;

That the wages of operatives in carpet mills in the United States are two and one-half times higher than the wages paid for similar labor in any other country;

That the carpet weavers of the United States are more steadily employed than those of any other country;

That the value of the annual production of floor coverings in the United States is approximately \$65,000,000;

That the prices of floor coverings to consumers are fully 50 per cent less than they were forty years ago, as will be seen by the prices of the following varieties of carpetings in—

	1875.	1908.
Wiltons -----	\$3. 25	\$2. 10
Brussels -----	2. 00	1. 15
Tapestry -----	1. 15	. 67½
Axminster -----	2. 00	. 90
Ingrain -----	1. 05	. 52½

That the present duties are only sufficient to measure the difference in the cost of labor at home and abroad, and at the same time compensate for the high duties on carpet wools;

That the present duties have not enabled the manufacturer to make more than a fair return upon his investment, nor have they resulted in the creation of a monopoly or so-called "trust" in this branch of industry; the manufacturers (about 140 in number) are independent of each other and are scattered through the New England States, New York, New Jersey, and Pennsylvania;

We do not desire to advocate any special tariff measure, but simply to point out to your committee that under the present tariff on carpet wools a great and unnecessary hardship is inflicted upon the manufacturers of carpets.

Carpet wools are exclusively of foreign growth. A clear line of distinction can be drawn between carpet wools and wools classified as of the first and second class; therefore any duty fixed on carpet wools must be regarded as purely a duty for revenue, and it has always been so considered.

The present rate on wools of the third class or carpet wools is 4 cents a pound if the value be 12 cents or less per pound, and is 7 cents per pound if the value be over 12 cents per pound.

We submit that the application of specific rates based on the value of wool is unjust, and places the American manufacturer at a great disadvantage with his foreign competitors in the purchase of his wools.

Carpet wools being of foreign growth, the market price is based on the value in foreign markets; therefore, when the price is at the low-duty limit the foreign competitors, by overbidding the American manufacturer by even 1 per cent, force the American manufacturer to pay an additional 3 cents per pound in duties, an advance of 25 per cent over the cost to the foreign manufacturer.

As the limit of 12 cents is based on the market value at the time of shipment to the United States, it leaves the American manufacturer, although he has purchased his wools under the low-duty limit, with the risk of an advance in the market value to over 12 cents between the time of his actual purchase and the delivery of the wool to the transportation company, in which case he has to pay 3 cents per pound additional duty.

An ad valorem duty adapts itself in every instance to these conditions, and the duty is high or low according to the value. We believe the Government will get more duty under an ad valorem duty or

carpet wools than under a specific duty. The statistics justify this belief. No difficulty will be found in fixing the value of these wools, for their value in the European market is as well known through the market reports as the price of wheat, corn, or cotton, and no difficulty was experienced in fixing the value of these wools under the law of 1890.

Notwithstanding this hardship under which we have labored for the past ten years, we would prefer to have the present schedules continue, rather than have new burdens imposed upon us. While ours can no longer be considered an infant industry, yet we beg to remind your committee that it is a branch of manufacturing that has always enjoyed protection, and the present state of the industry is, we claim, ample justification of the Government's policy. Even with this protection, American manufacturers of floor coverings have not been able to invade the foreign markets as some other industries have done. This is due to the fact that Great Britain was supplying the world with floor coverings before a power loom was ever erected in the United States. They were years ahead of us in mastering the arts of spinning and dyeing, and have been prompt to adopt the latest American inventions in weaving machinery, so that a loom in England can turn out as many yards of fabric per day as a loom in the United States, thus making the difference in wages a real and not merely an apparent factor in the cost of production. While the power loom was the product of American inventive genius, yet identically the same looms are in use in Great Britain and the United States, and in this respect the American manufacturer enjoys no advantage over his foreign competitor. It is not an industry that has any valuable secrets or processes, and the home market has been held for the American manufacturer only because of the protection continuously afforded since 1862, except when the Wilson law was in effect, when the importation of all kinds of floor coverings increased largely and the industry in this country experienced a period of marked depression.

If a revision of the tariff at this time means a lowering of rates, we assume that no reduction will be made in the specific duties relating to floor coverings without a corresponding reduction on all raw materials entering into the manufacture of these goods, including wool, linen, cotton, jute, and dyes.

No change should in any event be made in the ad valorem rates on carpets and rugs. These are the same rates fixed by the McKinley and Wilson tariffs and the same rates accorded the woolen industry generally.

Respectfully submitted.

ROBERT P. PERKINS, *Chairman,*
President Hartford Carpet Corporation, Thompsonville, Conn.

CHARLES F. FAIRBANKS,
Treasurer Bigelow Carpet Company, Boston, Mass.

ROBERT DORNAN,
Dornan Bros., Philadelphia, Pa.

GEO. MCNEIR,
Vice-President McCleary, Wallin & Crouse, Amsterdam, N. Y.

COMMITTEE.

CARPET SLIPPERS.

**HON. A. P. GARDNER, M. C., FILES LETTER OF DAMON & ELLIS,
OF BOSTON, MASS.**

BOSTON, MASS., *December 8, 1908.*

HON. AUGUSTUS P. GARDNER.

DEAR SIR: We are very much interested in the question of duty on shoes. Our business, together with four or five other manufacturers, is the making of cheap slippers, of which we produce about 1,800 pairs per day for use in the United States only. In Montreal they manufacture slippers made of cordette, which are sold in Canada from 2 to 3 cents per pair less than our carpet slippers, because the material is brought in there from England free of duty, while for us to import goods in the piece to make into slippers we would have to pay 44 cents per pound and 55 per cent duty.

The English felt for making felt slippers is also brought into Canada free of duty and costs the manufacturer there from 5 to 10 cents per yard less than the same goods can be bought for in the United States. Should the duty on shoes be taken off so as to also include slippers made of felt and wool fabrics, the Montreal manufacturers could soon put us out of business, unless the duty was also taken off of felt and woolen fabrics made in England out of Australian wool.

We hope you will bring this to the attention of the committee and use your influence to keep a protective duty on slippers.

We learn at the Boston custom-house that slippers made partly of leather and partly of cloth or felt are now classed to carry a duty as of the article used in their construction bearing the highest value, but we fear unless the facts are placed before the committee some loop may be left open whereby slippers might be classed as shoes and admitted free of duty. In the event of such a tariff schedule we are firmly convinced that Canadian manufacturers would flood the American market at a less price than the goods can be produced for here.

Besides the four or five manufacturers making cheap slippers of which we have alluded to, there are many more, both in the East and West, making higher-priced felt slippers who would also be affected.

Yours, very truly,

DAMON & ELLIS (Incorporated),
MOSES ELLIS, *Secretary.*

FANCY KNIT GOODS.

**CLEVELAND, OHIO, MANUFACTURERS SUGGEST NEW CLASSIFI-
CATION FOR GOODS MADE BY THEM.**

CLEVELAND, OHIO, *November 28, 1908.*

HON. SERENO E. PAYNE, *Chairman,*
Washington, D. C.

HONORED SIR: The manufacturers of fancy knit goods submit for the consideration of your honorable committee the following facts pertaining to their industry:

There are between 30 and 40 mills engaged in the manufacture of fancy knit goods in the United States, located in the Eastern and middle Western States.

There never has been any combination or association of the manufacturers in our industry for the purpose of either controlling the selling price or output.

We have never been able to sell any of our product outside of the United States, owing to the competition of Germany and Italy. Endeavors have been made to sell our product in Cuba, but without success, as it was found that we could not meet the foreign competition.

The main reason for this has been the tremendous difference in the cost of labor and materials.

The average rate of wages paid to skilled men in fancy knit goods in the United States is \$3 per day, and the average wages paid in Germany for the same class of help is 90 cents per day, and in Italy about 83 cents per day.

As for female help skilled in our industry, the average pay is \$1.25 per day in this country, as against 35 cents per day in Germany and 25 cents in Italy.

In our industry we use mainly wool and worsted yarns, which, on an average, cost about 75 cents per pound of 16 ounces in the United States, whereas the same grade costs only 45 cents per pound of 16 ounces in Germany. The above relative difference in cost of yarns applies only to medium grades, and on high-grade goods the present tariff is not sufficient to meet foreign competition.

We believe that it is for the best interests of both the wage-earners and manufacturers of fancy knit goods in the United States, as well as for those engaged in dependent industries, that the present Dingley Schedule K, paragraph 370, be changed to read "fifty cents per pound and sixty per cent ad valorem on all goods made on knitting machines or frames out of wool or worsted yarn, finished or partly finished," instead of 44 cents per pound and 60 per cent ad valorem.

Our reason for recommending this increase of 6 cents per pound is through a desire to meet the possibility of the passage of a trade or reciprocity treaty with any competing foreign country, and, further, to enable us to manufacture certain grades of goods which we have not been able so far to make owing to foreign competition.

While the proposed change recommended above is essential to the maintenance and development of this industry, a reduction, however, would entirely paralyze its continuation, with its kindred connections.

In conclusion, we earnestly request your committee to revise the present schedule as above outlined.

Respectfully submitted.

THE FRIEDMAN BLAU FARBER COMPANY.
N. J. RICH & Co.
THE BAMBERGER REINTHAL COMPANY.
STANDARD KNITTING COMPANY.
S. SHLESINGER KNITTING COMPANY.
FEDERAL KNITTING MILLS.
THE W. I. KEETCH KNITTING COMPANY.

NOILS AND WASTES.

JONATHAN RING & SON, PHILADELPHIA, PA., ASK ADJUSTMENT
OF DUTIES ON THESE PRODUCTS.PHILADELPHIA, PA., *December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We represent the woolen manufacturers and spinners in the city of Philadelphia for themselves and the large number of manufacturers in other parts of the United States, and their employees appeal to you in the framing of a tariff bill which relates to wool and woolen goods that you consider their interests and the measure of protection that they require. We do not ask for free raw stock.

The woolen industry of this country represents about 8,000 sets of machines (see Dockham's Textile Directory, 1907), with a capital invested in mills and machinery of over \$100,000,000. This does not include the weaving and finishing of the products, which we believe would include about as much more. The number of persons employed in the woolen business alone is about 100,000, and about the same additional number in the weaving and finishing branch of the business. The annual pay roll is about \$50,000,000, and with the weaving and finishing at least double this amount.

The tariff act of 1897, otherwise known as the "Dingley bill," has been stated before the committee as satisfactory to the woolen manufacturers. We do not so consider it. Having had experience under its operation, we have found that it discriminates against us. The nature of our fabrics is such that we have to compete in our markets with fabrics and cloth manufactured of worsted.

We would respectfully call your attention to the following statement of facts relating to the operation of the act of 1897 as applied to woolen goods:

In Schedule K the classification of wools, class No. 1, clothing wools, and class No. 2, combing wools, are the only classes of wools in which the woolen manufacturers are vitally concerned.

[Extract from Schedule K, wool and manufactures of wool.]

Class 1. Unwashed, 11 cents per pound duty. Washed, 22 cents per pound. Scoured, 33 cents per pound.

Class 2. Unwashed and washed, 12 cents per pound duty. Scoured, three times the duty on unwashed.

"The duty upon wool of the sheep or hair of the camel, Angora goat, alpaca, and other like animals, of class one and class two, which shall be imported in any other than ordinary condition, or which has been sorted or increased in value by the rejection of any part of the original fleece, shall be twice the duty to which it would be otherwise subject: *Provided*, That skirted wools as imported in eighteen hundred and ninety and prior thereto are hereby excepted."

Class 3. On wools costing 12 cents or less per pound the duty is 4 cents per pound. For wools costing over 12 cents per pound the duty shall be 7 cents per pound. Top waste, slubbing waste, roving waste, ring waste, and garnetted waste, 30 cents per pound. Shoddy, 25 cents per pound; nolls, wool extract, yarn waste, thread waste, and all other wastes composed wholly or in part of wool and not specially provided for in this act, 20 cents per pound.

The term "woolen manufacturer" here is understood to mean the production of woolen goods by the carding process of wool and not the combing, and does not include what is termed "worsted goods."

We desire to call your attention to the manifestly unjust disadvantage under which the woolen manufacturer is laboring under the present duty. The advantage to the worsted manufacturer in obtaining his wools at relatively lower rates of duty enables him to manufacture his goods and place same upon the market at such prices that preclude the successful competition of the woolen manufacturer.

While we do not desire to antagonize either the woolgrower or the worsted manufacturer, yet it does appear to us that there is an inconsistency in our tariff laws that should not continue in the new bill now under contemplation. Either the grower of washed combing wool should have placed upon his product the same rate of duty as the grower of washed clothing wool, thereby giving to him the same measure of protection by which means one of the intents of the tariff will be fulfilled—the stimulating of an industry that is capable of indefinite expansion—or the woolen manufacturer should not be asked to pay an excess of duty upon his washed clothing wool over and above the duty paid upon the raw stock of his competitors.

We would also call your attention to other kinds of stocks, which are the raw stocks of the woolen manufacturer, viz, noils, top waste, slubbing waste, roving waste, ring waste, thread waste, etc., all of these being by-products made by the worsted manufacturer in the process of manufacturing worsted yarns.

Under the Dingley Act of 1897 there was imposed a duty of 30 cents per pound on top waste, slubbing waste, ring waste, and garnetted waste; also a duty of 25 cents per pound on shoddy and 20 cents per pound on noils, wool extract, yarn waste, thread waste, and all other wastes composed wholly or in part of wool and not specially provided for in this act, which duty in practice has proved prohibitory.

Noils are a by-product. They are the short stock combed out of the long-stapled wools and can not again be used by the worsted manufacturer. They can only be manufactured by the carding process, and therefore become the raw material of the woolen manufacturer. The peculiar situation is this: The combing wools from which this article is made (much of it washed) have a low rate of duty; yet the by-product noils, losing from 10 to 25 per cent in scouring and cleaning, not being worth near the value of the original wool from which they are combed, are made dutiable at a prohibitory rate, manifestly working to the benefit and advantage of the worsted manufacturer and to the detriment and disadvantage of the woolen manufacturer.

The woolen manufacturer having no place but the home trade from which to obtain his supply of this class of raw material until such times as the price of noils attains a point that will justify him in paying the price of foreign noils, plus the duty of 20 cents per pound and expenses, enables the domestic producer of noils to obtain an excessive price for this by-product, thereby adding to his profits; while in the foreign markets this material remaining at a low price will enable the foreign manufacturer to make cheap woolen goods unless an excessive duty is placed on manufactured goods.

To yarn waste (unbroken), noils, etc., the same line of argument is applicable. We would therefore respectfully suggest that these articles, noils and yarn waste (unbroken), take a relative duty as wool; and we ask that top waste, slubbing waste, roving waste, ring waste also take a relative duty. Garnetted waste, carbonized noils, carbonized waste, and all waste and noils changed from their original condition to be made dutiable in proportion.

We do not understand why any by-product should be protected to the point of being made prohibitory. Neither do we ask that they shall come into this country free of duty, same as hides, etc., but we do believe that the tariff should be so adjusted that the Government shall receive sufficient revenue. How shall this revenue be obtained when the rate of duty on by-products is made prohibitory?

The last election was won on the basis that we should have an honest revision of the tariff—not a tariff for a few. The woolen industry represents a far greater number of people than the worsted. On our pay rolls of male employees 80 per cent are over age (21 years); hence we feel justified in stating that we have a much larger percentage than the worsted manufacturers.

All of the above is respectfully submitted for your consideration.

JONATHAN RING & SON (INC.).

MARK D. RING.

**THE HAMILL SPINNING COMPANY, OF GERMANTOWN, PA., CLAIMS
THAT DUTY ON WOOL WASTES IS PROHIBITIVE.**

GERMANTOWN, PA., *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Regarding Schedule K, relating to wool and its manufactures. In our opinion something should be done toward making a proper reduction on noils and wastes, which are a by-product made by the worsted manufacturers.

We are in favor of a tariff to protect the wool growers and manufacturers, but the present duty of 20 cents per pound on noils, and 30 cents per pound on wastes, etc., is prohibitive.

We would suggest to make the duty on noils and wastes to be proportionate to the duty on the original wools, from which these are taken, and make a just distinction in the rate of duty for the various grades. Noils at present made from carpet wools bear the same duty as those from the finer grades.

The woolen manufacturer is handicapped very much on account of present duty. The foreign manufacturers buy these classes of stocks so low in their countries that they are enabled to export the goods to this country, to the detriment of the American manufacturers.

This state of affairs should be rectified, so that much idle machinery could be started up again and make the business healthy, which would be the means of giving employment to many workers in woolen mills.

Yours, truly,

HAMILL SPINNING CO.,
H. J. HAMILL, *President.*

PLATE & CLARK, BROOKLYN, N. Y., ASK FOR LOWER DUTIES ON WOOL WASTES.

BROOKLYN, N. Y., *December 8, 1908.*

COMMITTEE ON WAYS AND MEANS:

Washington, D. C.

GENTLEMEN: In reference to the hearing on Schedule K, relating to wool and its manufacture, we invite your attention to the present tariff of 30 cents on top, slubbing, roving, and garnetted waste, and 20 cents for noils, yarn and thread waste (which is out of proportion) and to some of the conditions arising therefrom in the woolen industry, as follows:

First. The present tariff makes no distinction between waste combed from the lowest grade of carpet yarns and that from the finest wool.

Second. It also forces the woolen manufacturer to procure his supply of this class of material from the domestic worsted manufacturer, who, by reason of the high duty, is enabled to charge an excessive price therefor and add to his profits to the detriment of the woolen manufacturer.

Third. This material is sold at a low price in foreign markets, which enables the foreign manufacturer to bring his finished product into competition with woolen goods of home production.

It would seem just and for the protection of all, instead of a limited number, that the duty on noils and waste should be proportionate to the duty on the original wools from which these are taken, thus making an equitable distinction for various grades.

We therefore believe that this portion of our present tariff needs material revision and reduction, and we ask your careful consideration to that end.

Yours, very truly,

PLATE & CLARK Co.,
M. H. Wood, *Secretary.*

THE FITWELL KNITTING COMPANY, COHOES, N. Y., WISHES THE DUTY ON NOILS AND WOOL WASTES REMOVED.

COHOES, N. Y., *December 1, 1908.*

WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: Apropos of the hearing which you are holding on Schedule K, relating to wool and its manufactures, would say that we think it would be advantageous to wool spinners of this country to have the duty on noils and wool waste removed, as they are by-products, and do not interfere with the domestic woolgrower. If you see your way clear to recommend the removal of the duty entirely, or making it proportionate to the original cost of the wool, it would be of assistance to the domestic manufacturer in competing with foreign trade.

Yours, very truly,

THE FITWELL KNITTING Co.,
WALTER BUCK, *Secretary.*

**W. J. DICKEY & SONS, OELLA, MD., ASKS RELIEF FROM DUTIES
ON NOILS AND WASTES.**

OELLA, MD., *December 1, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

As large manufacturers of woolen goods, we desire to call your attention to the manifestly unjust disadvantages under which the woolen manufacturers, under the present tariff, are laboring because of the high duty on noils and wastes, which are only by-products of the worsted manufacturers, but become a necessary part of the raw material for the woolen manufacturer.

While we are thoroughly in favor of a tariff that shall protect the wool grower and manufacturer, we fail to see the justice or equality of the present duty of 30 cents for top, slubbing, roving, and garnetted wastes, and 20 cents for noils, yarn, and thread wastes (see tariff on extract), which is practically prohibitive.

Why not make the duty on noils and wastes proportionate to the duty on the original wools from which these are taken, and thereby make a just distinction in the rate of duty for the various grades? Why should noils combed from carpet wools or above bear the same amount of duty as those from the finer grades of wool?

The purpose of the tariff is (or should be) the adequate protection of all industries; not to discriminate in favor of one as against another. The present duty on noils and wastes is prohibitive and compels the woolen manufacturer to obtain his supply of this class of material from the domestic worsted manufacturer, who thereby gains a manifest advantage over the woolen manufacturer. It also enables the domestic producer of noils to obtain an excessive price for this by-product, thereby adding to his profits to the detriment and disadvantage of the woolen manufacturers; while in the foreign market this material remaining at a low price enables the foreign manufacturer to make cheap woolen goods, which can be imported into this country in competition with woolen goods of home production.

Yours, very truly,

W. J. DICKEY & SONS (Inc.).
Per C. R. JOHNSON.

(Letters similar in purport to the above were received from the following: George W. Watt Woolen Company, Norristown, Pa.; The Firth Carpet Company, Firthcliffe, N. Y.; Star Woolen Company, Cohoes, N. Y.; Guerin Spinning Company, Woonsocket, R. I.; and J. & H. Classens & Co., New Richmond, Ohio.)

**THE COOPER UNDERWEAR COMPANY, KENOSHA, WIS., DEPRE-
CATES ANY REDUCTION ON WOOL WASTES.**

KENOSHA, WIS., *December 2, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Referring to the present duty on top waste, slubbing waste, roving waste, ring waste, garnetted waste, noils, and shoddy, we understand there is a movement on foot for the reduction of the

tariff on this class of raw material. We wish to protest against a reduction of duty on waste without a corresponding reduction on all wool.

Goods composed more or less of shoddy and waste products come in direct competition with honestly made goods manufactured from all wool. The shoddy goods are deceptive in value, and intended to more or less deceive and cheat the buyer.

On ethical grounds, as well as commercial, the manufacture and sale of shoddy goods should not be encouraged at the expense of honest, all-wool goods. We believe this is so apparent that it does not need any further argument. We therefore ask your honest consideration of the proposition, that waste products be not admitted at a lower rate unless the rate of wool is correspondingly reduced.

Thanking you in advance for your consideration, we remain,
Yours, very truly.

COOPER UNDERWEAR COMPANY,
Per HENRY S. COOPER,
President and Treasurer.

**F. J. HAGENBARTH, SALT LAKE CITY, UTAH, ASKS REDUCTION
ON IMPORTATIONS OF SHODDY AND WASTES.**

SALT LAKE CITY, UTAH,
December 1, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I have been appointed as a member of a committee to appear before your honorable committee on behalf of the Idaho State Wool Growers' Association in the matter of the adjustment of the items embraced in Schedule K of the wool schedule of the Dingley tariff. It is impossible to attend personally at this time, hence this letter.

Believing that you are fully familiar with the disparity between wages paid to shepherds in this country and those paid in the other large wool-growing sections of the world, and further knowing that you are cognizant of the fact that competing areas of the world are located in latitudes which do not necessitate winter feeding or sheltering of flocks, as against the fact that in the United States at least 90 per cent of the sheep grown must be fed and sheltered in the winter time, will waive any discussion of these two branches of the subject beyond making the following statement of facts. It costs from 50 to 75 per cent more in the United States to pay the labor, freight, and correlative expenses than it does in Australia, Mexico, South America, and New Zealand. The annual cost of feed for sheep in the United States will range from 50 cents to \$1 per head, as against 20 to 30 cents per head in the afore-mentioned foreign territories.

Efforts have been made in sundry quarters to impress upon the minds of the public the fact that the so-called "exorbitant" duty levied on wools of the first and second class under the terms of Schedule K in the Dingley bill have resulted in a very much enhanced cost to the consumer of the average woolen or worsted article. A simple analysis of the question discloses the error.

Let us take for illustration the average suit of clothes, costing, say, from \$40 to \$60, which will contain a much larger percentage of wool than suits ranging in value from \$15 to \$25. In the afore-mentioned class of suits, made of tweed, cheviot, or worsted cloths, there will not be to exceed an average of 5 pounds of cleaned scoured wool. Such wools as enter into the make-up of these suits are quoted on to-day's market at 50 to 55 cents per scoured pound. A simple calculation gives us \$2.50 to \$3 as being the total cost of all the wool, duty included, which can possibly enter into the sum total of the cost of a \$60 suit.

Thus we establish that not over 5 per cent of the entire cost of such wool suit can be charged up against the wool which enters into its make-up. Further, by the same process, we find that of the amount so charged that not to exceed 90 cents is chargeable to wool duties. It will require about 10 pounds of grease worsted wools, grading three-eighths or one-fourth blood and shrinking from 45 to 50 per cent, to make such a suit, though the nominal duty is 11 cents per pound, owing to the fact that competing foreign wools are partially manufactured. By this I mean that the bellies and skirts, locks, and other undesirable portions of such wools have been removed from the fleece and only the better parts shipped to the United States. For this reason manufacturers and dealers discriminate against domestic wools to the extent of about 2 cents per pound in favor of the foreign wools, thus bringing the actual protective feature of the tariff levy down from 11 to 9 cents per pound. On 10 pounds of wool and the grease would be 90 cents per suit of clothes such as would perhaps be worn by members of the United States Senate.

Now, in the case of cheaper grades of clothing, the amount of the duty would be still less by reason of the fact that the wool content of the suit is less. It is a safe statement to say that the average burden of duty, borne by reason of the duty on wool, on each suit of clothes worn by the general public in the United States, will not amount to 40 cents per suit.

Class 3 wools, which bear a much lower rate of duty and are ostensibly imported for carpet manufacturers only, but are often used in the manufacture of cloth, shoddy cotton, together with certain waste-wool products as noils wastes, are frequently used for fulling and other purposes. This has the effect of still further lowering the duty cost of the wool used in the making of the cheaper grades of suits.

I heard Mr. Ickert, of Ohio, who succeeded to President McKinley's seat in Congress, make the statement on the floor of the House, during the discussion of the Wilson bill, that the duty paid by the wearer of a suit of clothes to the "robber wool barons" of the West amounted to \$5 per suit. Such statements are still being made, but can not bear analysis when the fact is known that all the wool in the suit, duty included, would not cost over \$3.

You have undoubtedly been asked why it is that after many years of the benefits of a protective tariff that the wool business has not assumed wider proportions. There is one reason, and one only, the growth of confidence is slow, but its impairment is sudden and long lasting. Had the people of the United States felt, during the last two decades, that the protective duty on wool was a fixed and permanent feature of our governmental policy, there would to-day be double

the number of sheep in the United States that there is. There has been a constant fear that the business would be disorganized and destroyed by lapsing from a protective policy. That these fears were well grounded was amply demonstrated in 1893 when the Wilson bill was passed and practically wool alone, of all the so-called "raw products," was singled out for slaughter and as a sacrifice to appease the hunger of the free-trade god. Prior to that time an effort was made by Mr. Mills, of Texas, in the House, to have wool placed on the free list, though the Senate was Republican, and the public knew it was a certainty that the Mills bill could never become a law, yet wool values and sheep values decreased fully 50 per cent. In 1893 the values of sheep and wool decreased 75 to 80 per cent, and only those who were able through collateral resources continued in the business.

If your committee is desirous of developing and making permanent the wool business of the United States, which in its ramifications touches not only Idaho and Tennessee, Texas and Maine, but every other State in the broad Union, then the tariff will not be lowered; but on the other hand you will so arrange the classifications of the schedule so as to restrict importations of partly manufactured wools, shoddies, and wastes as to give American wools of classes 1 and 2 that full protection which was designed to be effective by the Dingley law.

I will add that no deadlier blow could be aimed to the prosperity of the States included in the Rocky Mountain area and west thereof than would be dealt by a removal of the tariff on wool. Large areas of that intermountain and plains country are peculiarly adapted to sheep husbandry and can be used for nothing else. Millions of capital have been invested in the business and thousands of otherwise idle hands given employment. Benefits from the wool clip of the shepherd are felt and scattered through a hundred avenues, the chief beneficiaries being the farmer who sells him hay or grain for the sustenance of his flocks in the winter time; the laborer who engages in the prosecution of the work incident to the industry; and finally the railroads who derive an average haul of about 2 cents per pound on all wools transported to market.

Yours truly,

F. J. HAGENBARTH,
Ex-President National Live-Stock Association.

PROFITS IN WOOLENS.

ESTIMATE BY GEN. WILLIAM F. DRAPER OF PROFITS OF WOOLEN MANUFACTURERS FOR A TEN-YEAR PERIOD.

BOSTON, MASS., December 11, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: When Mr. William Whitman appeared before your committee on December 2, to present the case of the wool manufacturers of the country in the pending tariff revision, he referred to an investigation made some years ago by Gen. William F. Draper, which shows that the profits of Massachusetts manufacturing corporations for a ten-year period averaged only about 4.86 per cent on the par value of the stock.

Understanding that Mr. Winthrop L. Marvin, acting secretary of the association, promised to send you the list of the corporations quoted by Mr. Whitman, I take pleasure in inclosing for your examination the list as compiled by General Draper and published in the *Social Economist* for September, 1892.

Trusting that the table may be of some value to you in your consideration of this intricate question, I am,

Respectfully yours,

JOHN BRUCE MCPHERSON,
Secretary National Association of Wool Manufacturers.

GENERAL DRAPER'S PAPER.

It has seemed to me that the net profits of manufacturing for a given time, at least to the shareholders in manufacturing companies, could be arrived at with mathematical accuracy. If, on the 1st of January of any given year, a man bought a given manufacturing stock at the market price, and held it for ten years, received all the dividends, stock or otherwise, paid all the assessments, and at the end of the ten years sold it at the market price, the calculation of the percentage made on the capital that he invested would not be a difficult one. By adding together all the corporations whose statistics are attainable for an equal length of time, it would seem to me to give a fair average of the profits made in manufacturing for that length of time. Improvements or depreciations in plant are elements which enter into the selling price of the various stocks, and the selling price of stocks is a better estimate of their value than any mere appraisal of the property upon which the stocks are based.

I have made some investigations as to the dividends paid by manufacturing stocks in the State of Massachusetts for the past ten years, with results which will doubtless surprise many. Mr. Joseph G. Martin, of Boston, has issued annually a statement of fluctuations in bank, insurance, railroad, manufacturing, and other stocks and bonds, together with the dividends paid by each. In his manufacturing lists he has also included the Fall River manufacturing companies. From those lists I have taken every Massachusetts company mentioned in 1882 for which figures are given for ten years. The list follows, and comprises 65 companies in various kinds of business, including the cotton and woolen manufacture, bleacheries, belting, and machinery. Of these 65 companies, 41 mentioned immediately below have maintained the same capital during the ten years from 1882 to 1892:

Appleton.
Boston.
Boston Duck.
Dwight.
Hamilton Cotton.
Lawrence.
Lowell Machine.
Massachusetts.
Middlesex.
Otis.
Boott.
Boston Belting.
Chicopee.
Flint Mill.

Lancaster.
Lowell.
Lyman.
Merrimack.
Naumkeag.
Pacific.
Tremont and Suffolk.
Chace Mills.
Fall River Manufactory.
King Philip.
Mechanics.
Metacomet.
Pocasset.
Robeson.

Slade.
Troy Cotton Mill.
Thorndike.
Crescent.
Granite Mills.
Laurel Lake.
Merchants.
Narragansett.
Richard Borden.
Shove.
Tecumseh.
Union Cotton.
Weetamoe Mills.

The 5 following have stopped during the ten years:

Annawan Mills.	Montaup.	Sandwich Glass Com-
Fall River Merino.	Quequechan.	pany.

The 7 following have had their capital impaired and replaced during the ten years:

Atlantic Mills.	Lowell Bleachery.	Davol Mills.
Everett Mills.	Washington Mills.	Sagamore Mills.
Hamilton Woolen Mills.		

The 12 named below have increased their capital during the ten years:

Arlington Mills.	Barnaby Manufacturing	Osborn Mills.
Border City Manufac-	Company.	Conanicut Mills.
turing Company.	Fall River Bleachery.	Globe Yarn Mills.
Wampanoag Mills.	Stafford Mills.	Crystal Spring Bleach
American Linen Com-	Barnard Manufacturing	and Dye Company.
pany.	Company.	

In making my calculations I have divided the companies into two groups: First, the 41 that have gone through the ten years with unchanged capital; and, second, the 24 that have been unfortunate or put in additional capital during the same time. I have also made a calculation, by combining these two sets of figures, to show what amount of interest on investment a man would have made who had bought the stock of all these companies on the 1st of January, 1882, and sold them on the 1st of January, 1892, meantime paying in all the money that was paid in, and receiving all the dividends that were declared. The results for the 41 companies with unchanged capital appear on the following page:

I find the total dividends, \$24,420,913 for ten years (which would be an average dividend of \$2,442,091.30 per year), to be 6.58 per cent per annum of the par value of the stocks of the above companies. I also find the above annual dividend to be 4.88 per cent of the average selling price for 1882 and 1892, which is \$49,993,616. I also find that, taking the price at which the stocks could be bought January 1, 1882, which was \$55,496,350, and the price at which the stocks could be sold January 1, 1892, which was \$44,490,883, there is a loss in the selling value during the ten years of \$11,005,467. Deducting this from the total amount of dividends, \$24,420,913, we have left \$13,415,446, as the net income for the ten years from 1882 to 1892, which would figure 2.68 per cent as the net income per year.

List of companies whose capital has not changed during the ten years from 1882 to 1892.

	Par value.	Market value Jan. 1, 1882.	Market value Jan. 1, 1892.	Ten years' dividends.
Appleton.....	\$600,000	\$717,000	\$345,000	\$138,000
Boott.....	1,200,000	2,580,000	1,620,000	324,000
Boston.....	800,000	1,060,000	848,000	520,000
Boston Belting.....	700,000	1,225,000	1,422,750	749,000
Boston Duck.....	350,000	525,000	562,500	325,500
Chicopee.....	1,000,000	1,900,000	900,000	600,000
Dwight.....	1,200,000	1,920,000	1,800,000	1,068,000
Flint Mill.....	580,000	406,000	660,000	342,500
Hamilton Cotton.....	1,800,000	2,196,000	1,800,000	648,000
Lancaster.....	1,200,000	2,700,000	1,866,000	1,020,000
Lawrence.....	1,500,000	2,700,000	2,250,000	1,366,000

List of companies whose capital has not changed during the ten years from 1882 to 1892—Continued.

	Par value.	Market value Jan. 1, 1882.	Market value Jan. 1, 1892.	Ten years' dividends.
Lowell.....	\$2,000,000	\$2,101,775	\$1,833,333	\$808,023
Lowell Machine.....	900,000	2,277,000	1,305,000	810,000
Lyman.....	1,470,000	1,719,900	970,200	558,800
Massachusetts.....	1,800,000	2,520,000	1,890,000	1,028,000
Merrimack.....	2,500,000	4,600,000	2,025,000	1,600,000
Middlesex.....	750,000	1,875,000	975,000	765,000
Naumkeag.....	1,500,000	1,800,000	1,580,000	802,500
Otis.....	800,000	1,040,000	1,480,000	800,000
Pacific.....	2,500,000	4,750,000	4,187,500	2,125,000
Tremont & Suffolk.....	1,200,000	2,103,000	1,464,000	798,000
Thorndike.....	450,000	495,000	540,000	342,000
Chace Mills.....	500,000	535,000	500,000	285,000
Crescent Mills.....	500,000	400,000	175,000	167,500
Fall River Manufactory.....	180,000	315,000	216,000	59,400
Granite Mills.....	400,000	1,310,800	990,000	612,000
King P'lin.....	1,000,000	1,230,000	1,150,000	490,000
Laurel Lake.....	400,000	376,000	448,000	216,000
Mechanics.....	750,000	862,500	637,500	397,500
Merchants.....	800,000	1,000,000	990,000	490,000
Metacomet.....	288,000	288,000	301,800	44,840
Narragansett.....	400,000	400,000	388,000	230,000
Pocasset.....	800,000	480,000	1,088,000	264,000
Richard Borden.....	800,000	680,000	780,000	368,000
Robeson.....	260,000	234,000	221,000	105,300
Shove.....	550,000	577,500	632,500	294,250
Slade.....	550,000	495,000	330,000	178,750
Tecumseh.....	500,000	680,000	512,500	322,500
Troy Cotton Mill.....	300,000	540,000	585,000	300,000
Union Cotton.....	750,000	1,374,375	1,675,000	1,357,500
Westamoe.....	550,000	467,500	247,500	178,750
Total.....	87,078,000	55,496,350	44,400,888	24,420,913

We will next consider the figures of the 24 companies above named whose capital was changed or whose enterprises were stopped during the ten years:

Their total par value January 1, 1882, was.....	\$11,800,000
Their total par value January 1, 1892, was.....	14,875,000
Or an average par value for the time of.....	13,337,500
The amount of dividends paid on these stocks for ten years was.....	6,718,250
The amount paid in was.....	6,135,000
Leaving an excess of dividends over capital paid in of.....	584,250

for the ten years, or \$58,425 per annum, or less than half of 1 per cent on the capital stock, and still less than that on the average selling price. Ascertaining the loss or difference between the selling price of these companies January 1, 1882, \$14,828,375, and the selling price January 1, 1892, \$14,111,000, we find it to be \$717,375. Deduct from that the margin of dividends above payments, \$584,250, and it will appear that these 24 companies lost \$133,125, besides interest on their capital for ten years.

Now, combining the two sets of figures, we find:

That the 65 companies had an average capital for the ten years of.....	\$50,415,500
That the selling price of the stocks January 1, 1882, was.....	70,324,725
That the selling price January 1, 1892, was.....	58,601,883
That the total dividends paid amounted to.....	31,140,163
That the amount of cash paid in was.....	6,135,000

Deducting the cash paid in from the dividends leaves \$25,005,163 net cash received by stockholders, or an average of \$2,500,516 per annum. This is equal to 4.86 per cent on the capital stock. The average selling price ascertained as before was \$64,463,304. On this

sum the average dividend was 3.87 per cent. The loss in value of all the stock for the ten years was \$11,722,842. Deducting this from the dividend leaves \$13,282,321, or 2.06 per cent on the average value of the capital invested.

The change in value of the manufacturing stocks may, of course, be said to depend in part upon the years selected. If the selection of one year was during a particularly prosperous time, and the selection of the other year was during a panic, differences would appear which would not be normal. So far as general business is concerned, however, the year 1892 is reckoned as good as the year 1882, and the comparison of those two years would in that view seem to be a fair one. Such of these stocks as appear in Martin's Report for 1881 average even higher than they did in 1882, and in 1880 somewhat lower, but not nearly as low as in later years. On the other hand, there was a continuous and large decrease of value in these stocks, amounting to substantially 20 per cent, between 1882 and 1886, and a moderate increase, amounting to about 5 per cent, on the remaining value since that time.

It is evident from these figures of selling price at different periods that these corporations, as a whole, have been paying out in dividends more money than they have earned during the past ten years, proper depreciation being taken into account. As the average dividend paid, saying nothing about loss of selling value, was 3.87 per cent, it looks as though either these great corporations have been particularly unfortunate during the last ten years, or that the laborer has had more, rather than less, than his share of production, so far as these industries are concerned.

I have taken the average of industries, successful and otherwise, because with material at standard prices and labor at standard rates the average results should be considered rather than those exceptionally favorable or unfavorable. If one concern succeeds better than another in the same business, that difference is due to and earned by the management of that concern. If in the same town, in the same business, one company makes continuously 10 per cent, and another firm 5, the extra 5 per cent is due to some qualities in the direction, and not due to the laborers, who are continually changed while the same results continue.

The fact is that labor in America, by its increasing intelligence and organization, has to-day, however it may have been in the past, secured its full share of production, if not more than its share.

TEXTILE WAGES IN EUROPE AND HERE.

PHILADELPHIA, PA.

HON. SERENO E. PAYNE,

Chairman, Ways and Means Committee.

DEAR SIR: As argument against any lower revision of Schedule K of the Dingley tariff bill as regards worsted yarns, the writer represents 30,000 to 40,000 worsted spindles here and has recently investigated and received from England the wages paid for the same work there for comparison.

Comb minders receive in England \$4.30 to \$4.75 per week, as against \$6.50 to \$8.50 in our mills here; drawers receive \$2.80 to \$3 in England, as against \$6.50 to \$7 here. Boys, \$2.12 to \$2.24 in England, as against \$4 to \$5 here. Girls in spinning rooms receive \$2.24 to \$2.75 in England, as against \$5 to \$7 here.

In regard to the French system of spinning, the writer represents Jules Desurmont & Sons, Tourcing, France, who have recently established a branch at Woonsocket, R. I., and the figures below are the wages paid by this concern in Woonsocket and in their mill in France.

Wages paid here for spinners \$16 per week; in France \$6.50 per week. Piecers paid here \$12 per week, in France \$4.50. Drawing hands \$6.50 here, in France \$3.25. Twisting, spooling, and reeling \$6.50 here, and \$3.25 in France.

Being interested in some mills in Belgium, are in a position to state with full knowledge that the wages in Belgium on this line of work is on an average of 5 per cent cheaper than in France, and in Germany on this same line of work the wages rule from 10 to 20 per cent lower than in France.

As an illustration of the difference in prices in yarns between here to-day and France to-day on the French system: 2/28, $\frac{3}{4}$ grade, is selling here for \$0.88 $\frac{1}{2}$; the same grade in our mills in France, \$0.48; 2/40, $\frac{1}{4}$ blood, selling here at \$1.07 $\frac{1}{2}$, and to-day in France for \$0.57; 2/50 at \$1.20 here, and \$0.65 in France. For weaving in England, weavers receive \$3.75 to \$4.24 per week, against \$10 to \$13 here. Warp dressers receive \$6.50 to \$7 in England, as against \$15 here.

Yours, truly,

THOS. H. BALL.

THIRD-CLASS WOOLS.

WILLIAM H. HARRIS, BOSTON, MASS., WISHES AN AD VALOREM DUTY ON THESE WOOLS.

Boston, *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

SIR: I am encouraged to address your committee concerning the duties on class 3, Schedule K, of the Dingley tariff, in view of the wide discussion this schedule has received before your committee.

I am not directly interested at present in classes 1 and 2 of Schedule K, being engaged in importing class 3 wools almost entirely. I have in the past imported largely of wools in classes 1 and 2, and in endeavoring recently to stir up interest in this section in favor of some readjustment of the duties on class 3 wools, I have been informed generally that the matter has been fixed up between the various interests, and no change would be tolerated in the existing wool tariffs.

That this attitude on the part of all concerned is the result of recent agreements between the Wool Manufacturers' Association and the western wool growers is very well understood here, and is quite contrary to the real needs and wishes of the trade. It has been the

general feeling for the past four years that when a readjustment of the tariff was taken up that an effort would be made to lower the duties on all three classes, and the trade has generally considered that the duties should be about cut in half.

The policy now advocated by the Manufacturers' Association is prompted, not by the needs of the trade or by any sense of right or justice, but is prompted entirely from fear on the part of the manufacturers that if they attempt to obtain any honest readjustment of the duties on wool, the growers will insist upon some reduction of the present impost on manufactured goods. The present duties on classes 1 and 2 range from 50 to 100 per cent, according to the market price of the wool abroad. At the low market points reached several times in the past ten years, the duty on both classes 1 and 2 have reached as high as 120 per cent, when wool has been at a very low point.

I see that Mr. Moir has advocated before your committee an ad valorem duty on classes 1 and 2, and his arguments are sound and his statements of facts correct, although it is the first time that I have heard arguments in favor of an ad valorem duty on these two classes.

As stated above, my principal interest is in class 3, and here every argument is in favor of an ad valorem duty. As far as the wool duties are approached from a protective point of view, it is a well-known fact that class 3 wools call for practically no protection, there being no carpet wools whatever grown in the United States. The argument used by those who have favored the present duty on carpet wools is that there are, at times, certain wools classified under class 3 used for clothing purposes, and this is true, but to a very limited extent. At times when fashions are running to coarse, rough materials, there is a percentage of the finest class of carpet wools used by the clothing trade. Such a condition has not existed now for over three years. Altogether, if the matter of class 3 wools is viewed from an unprejudiced standpoint, I believe that the present rate of duty should be reduced.

I make no strong argument for a reduction in duty on class 3 wools, as such a demand should, in my opinion, be backed by a large representation of the dealers and manufacturers concerned. I have been hoping to see such representation in evidence before your committee, but I am not informed that any committee has been appointed to present arguments on this subject.

As to the nature rather than the amount of the present impost on class 3 wools, I wish to voice the strongest objections. The present duty, jumping from 4 to 7 cents per pound, when the cost of wool at its point of purchase crosses the line of 12 cents per pound, is nothing short of iniquitous. It opens the door for much fraudulent invoicing, very much unjust treatment on the part of the United States appraisers against the honest importer, and it places in the hands of the sellers of wools abroad a vehicle to rob the importer and manufacturer in the United States. It also makes it extremely risky for an importer here to handle many wools when the cost is hovering around the 12-cent dividing line. It has undoubtedly done serious injury to the carpet industry of this country. It enables the seller abroad at times to exact from the buyer here the extreme low-duty limit of just under 12 cents per pound for all desirable carpet wools

that should otherwise range in price to the buyer from 9 to 12 cents. I could also give you concrete instances where the buyer in this country is mulcted of an additional 1 to 1½ cents per pound by the simple expedient of establishing an accepted market of origin for certain wools farther in the interior. I cite as an instance Persian wools, which during the earlier years of the present tariff never exceeded the low-duty limit of 12 cents per pound at Askabad, a point in Russia where these wools were and still are legitimately collected and sold. Some four or five years ago an attempt was successfully made to establish for these wools a market in Meshed, the capital of Persia, a place where there is no American consul. All invoices are viséd there by the British consul. It is not and never was a real market for Persian wools. The cost of transportation on camels' backs from Meshed to Askabad ranges from 1 to 2 cents per pound. Since the admission by the United States customs of Meshed as a principal market for these wools importers have been compelled to pay the same price for them in Meshed as the highest price they originally paid for them in Askabad; in other words, the extreme limit under the low duty of 4 cents under the Dingley tariff. At 7 cents duty they are never profitable to import. But the seller abroad is acquainted with the fact that when the times are good the buyer can be forced to pay up to the low-duty limit in order to avail himself of the 4-cent duty.

There are many carpet wools of a very useful nature to the carpet manufacturer in the United States which used to be imported, but no longer come here on account of the duty of 4 cents per pound being prohibitive. That is to say, wools that can be obtained abroad below 8 cents per pound, first cost, will not stand an impost which amounts to 50 per cent and above. An ad valorem duty would allow such wools to be imported.

The present scale of duty under class 3, Schedule K, has resulted in immense loss of business by carpet-wool dealers in this country to the advantage of several large operators abroad, who have their own United States connections here and who are enabled to invoice their wools at a price at which they could not afford to sell them with sufficient profit to themselves (just below the 4-cent limit). These exporters, invoicing their own wools, have been enabled to obtain for themselves the full advantage of the 3 cents per pound difference between 4 and 7 cents, in addition to the legitimate profit of the importer here.

I could go into further detail and multiply the objections, serious objections, against the present form of impost under class 3, extremely detrimental both to the dealer and the manufacturer of carpet wools. If this subject is exhaustively examined, it will also expose the fact that, largely on account of the workings of this tariff, the quality of the carpets made in the United States has steadily and seriously deteriorated since the enactment of the Dingley tariff bill.

I believe the average duty exacted on carpet wools by the Dingley tariff at the two rates of 4 and 7 cents will be found to approximate 25 per cent ad valorem, and I earnestly beg the consideration of your committee in favor of an ad valorem duty on class 3 wools, whether the present average of the impost is maintained or any reduction is thought advisable.

Under an ad valorem duty the chances for fraud are infinitesimal. No serious undervaluation of wools is possible, such as has been encountered in the past in the case of manufactured articles. Moreover, the customs service is to-day provided with intelligent agents at all wool-shipping points, and the market values can be easily determined.

Beyond the above-cited objections there is another which has caused serious loss to importers of carpet wools and which to-day prevents the importation of many wools when they reach a point close to the dividing line. Schedule K directs that the duty on class 3 wools shall be assessed in accordance with the market value at the port of shipment, at the time of shipment. The question of actual cost can not be considered by the appraiser. Most oriental and Russian wools have to be purchased in the interior, and a period of several months frequently elapses from the time of purchase to the time of shipment. Therefore, wools honestly bought below the low-duty limit may frequently be found, and justly found, by the appraiser to be worth a figure at the time of shipment that brings them just over the line and calls for an impost of 7 cents instead of 4 cents, frequently by a difference of as little as 1 per cent of the invoice cost, in the appraiser's arbitrary finding of so-called market value.

I do not know why carpet wool interests should not appear before your committee to advocate the removal of the inequalities, the dangers, and the injustices of the present schedule, but to some extent I believe it is the result of influence brought to bear by the worsted manufacturers of the country, who are so feverishly anxious to leave the wool schedule alone in fear of being compelled to submit to any reduction of the inordinate protection that they are receiving on their manufactured goods.

As far as the carpet manufacturers in the United States are concerned, no such consideration should exist, as the only carpets that are imported into this country are oriental rugs of various descriptions, upon which a high rate of duty can be maintained without injustice to manufacturer or consumer.

I regret that it has been impossible for me to appear personally before your committee to advocate the views above expressed, and I rest in the assurance that my communication will receive due consideration at the hands of your committee.

Yours, very respectfully,

WM. H. HARRIS.

**THE ARKANSAS VALLEY WOOL GROWERS' ASSOCIATION ASKS
AN INCREASED DUTY ON THIRD-CLASS WOOLS.**

HON. SERENO E. PAYNE,

*Chairman of the Ways and Means Committee,
Washington, D. C.:*

The Arkansas Valley Wool Growers' Association hereby protests against any reduction in the tariff on wool from the rates in the now prevailing schedule; and further, do strongly advocate an increase in the tariff on wools now imported as third-class wools for the reason that a considerable portion of such third-class wools, as now admitted, compete directly with and come into the uses of many of

our lower-grade clothing wools, depreciating greatly the prices of many of our wools, our protest being based on the following facts: That with development and settlement of our country has come a condition of higher wages paid to all of our employees than for many years prevailed; that there has been a generally increasing cost for provisions and other elements of expense in sheep and wool growing; that with the settlement of the open-range country have come more restricted conditions as to grazing generally and a requirement that a sheep and wool grower should own more land than formerly and do business under a generally higher expense than ever before in the history of the country; that under present duties on wool and the prevailing prices, and the ordinary fluctuations from year to year, the business of growing sheep and wool is not a business of extraordinary profit; that a reduction in tariff would compel us to seek other means of livelihood and sacrifice our properties now in use in sheep and woolgrowing and work great hardships on the undersigned and many persons employed by them; that large areas are useful only for grazing and not at all suitable for agriculture, and that the destruction of the sheep and wool growing industry would throw into disuse thousands of acres of land now productive as grazing lands.

All of which is respectfully submitted:

ARKANSAS VALLEY WOOL GROWERS' ASSOCIATION.

**THE BRISTOL (PA.) CARPET MILLS WISH LOWER DUTIES ON
THIRD-CLASS WOOLS.**

BRISTOL, PA., November 30, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means.

DEAR SIR: I write you as representing a company equipped to manufacture over \$1,000,000 of fabric, which in the last two years has been reduced to less than half the amount. This last year could be partly attributed to the general business depression, but the year prior was due to unfair duty on third-class wools and low duty on Chinese and Japanese mattings. The foreign-grown wools, such as low China and like character, should be free or on a very low ad valorem basis.

The present specific tariff, with a dividing line of 12 cents per pound, with 4 cents duty, necessitates our taking a very low-grade dirty wool, forcing the paying of duty on over 50 per cent dirt and freight on the same, which is practically 8 cents per pound on clean wool. The higher duty of over 12 cents per pound for better conditioned wool makes it practically prohibitory, forcing the lower grade, known as ingrain carpeting, too near the high grades in price, which has caused the ingrain industry to languish, a large number of manufacturers to go out of the business, and others to go into higher grades of carpeting. The manufacturer of ingrain carpets with low-price wool would be enabled to make a first-class fabric at a low cost, and would give the laboring man and farmer a carpet which would be intrinsically cheaper than any carpet made.

Yours, truly,

THOS. L. LEEDOM CO. (BRISTOL CARPET MILLS),
By CHARLES LEEDOM, *President*.

TOPS.

WILLIAM WHITMAN, BOSTON, MASS., SUPPLIES ADDITIONAL
INFORMATION RELATIVE TO TOPS.

DECEMBER 8, 1908.

Hon. HENRY S. BOUTELL,

House of Representatives, Washington, D. C.

DEAR SIR: You will recall asking me some questions about tops on Wednesday last, when I presented a statement to the Ways and Means Committee. Having your questions in mind, I take the liberty of sending you a little book entitled "Tops, a new American industry," which was published by the Arlington Mills in 1898. This book contains information not only about tops, but about the worsted industry, which I think may interest you. The reason why the words "A new American industry" were used in the title was for the purpose of showing to spinners of yarn that we proposed to make tops for other spinners' use than our own. As a matter of fact, the making of tops was not a new industry in itself, but the making of tops to supply worsted spinners was practically the beginning of a new industry. At least the larger part of the worsted spinners and worsted manufacturers made, and do now make, their own tops. There has always been a prejudice in this country on the part of manufacturers against buying tops and in favor of making the tops for themselves. Frequently, however, spinners had a surplus of tops, though not making them for general market, and occasional sales were made long before 1896, when the Arlington Mills started to build the top mill referred to. This was in a period of great depression, and was very unfavorably commented upon by the local public at the time. While the top mill is an important adjunct to our general worsted enterprise, it has had to encounter much opposition.

First. The prejudice on the part of spinners against buying tops has not been wholly overcome.

Second. It has taken a very long time to create a market.

Third. The market conditions have been such that it has been difficult to buy wool in the market, put it into top, and sell it at a satisfactory profit.

Fourth. The trend of the business is toward the wool dealer, and a very large part of our machinery, other than what we need for our own work, is used in combing wool on commission for wool dealers and other manufacturers.

It looks now very much as though the trade would develop along the latter line, thus following the same lines as in England and in France. Tops would then become a branch of the wool business rather than of the wool-manufacturing business. To illustrate: A. who is a wool dealer, buys the wool all over the world. He has certain customers who want that wool in the form of tops. He will, therefore, send the wool to be combed into tops for him to sell to his customers.

It is unnecessary for me to state that only so much wool can be used in the country, and so far as revenue is concerned, whatever might be lost from not importing tops would be offset by importing wool.

The census of 1905 reported the number of wool-combing machines as 1,549. The Arlington Mills has 97, so while they consider themselves to be large combers yet they have but a small part of the whole number of combing machines in the country. The Arlington Mills is consuming now about two-thirds of its product of tops. The remaining portion of the product of tops is made for other parties, including a small percentage for sale. The sales of tops by these mills in 1897 amounted to less than 6 per cent of their entire business.

I think you will find that the little book will give you more information on the subject than it would be possible to obtain from any other source, and I believe the information to be such that you can rely upon it.

Respectfully, yours,

WM. WHITMAN.

WOOL.

R. J. McCLEERY, WEST ALEXANDER, PA., FURNISHES INFORMATION RELATIVE TO COST OF WOOL PRODUCTION.

WEST ALEXANDER, PA., November 25, 1908.

Hon. S. E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: I want to protest emphatically against any reduction in the tariff on wool at the present session of Congress. Wool is selling at 30 cents per pound, and that is as low as we can afford to produce it in this locality, with land and labor at present price.

I give below cost of producing 100 fleeces of wool:

1 bushel grain per day for five months, worth on farm 70 cents per bushel	\$105.00
10 tons hay for winter	80.00
7 months' pasture	70.00
For attention	50.00
Total	305.00
100 fleeces, 7 pounds per fleece, 30 cents per pound	210.00
For growth of sheep	100.00
Total income	310.00
Profit	5.00

I have made the above estimate fairly, after long experience and without any allowance for interest on investment in sheep or loss by disease or dogs, which is no inconsiderable item in the sheep business.

If you will permit a little personal history, which is also a history of the sheep business in this locality: I went into the sheep business in 1879, full of enthusiasm. We were then, I think, working under the tariff act of 1867; wool was selling at about 40 cents per pound, and Washington County was said to own more sheep to its area than any other county in the United States. I determined to build up a flock which should be second to none. I bought of the best flocks in the United States without regard to price. The tariff act of 1883, followed by the election of President Cleveland and his

attitude toward the tariff, and the tariff on wool in particular, gave us a severe jolt. Sheep depreciated in value fully 50 per cent in 1884 to 1887, but I still had faith in the business and went on trying to perfect my flock, and after the McKinley tariff bill was passed the business recovered somewhat, but nothing like it was prior to 1883. Men were slow to take hold of sheep, and the business continued dull and prices low. At the time of Mr. Cleveland's second election I had 200 sheep that were worth from \$25 to \$50 per head for breeding purposes. After the passage of the Wilson tariff bill they were worth scarcely anything. Sheep went out of this district to the shambles by the thousand at 50 cents and \$1 per head, and I was compelled to quit the sheep business as a source of income and take up the work of civil engineering in order to pay the interest on my debt and save the farm from foreclosure. Under our present tariff act we can make a living for our families and not much more.

We continue in the sheep business because our climate and the physical conditions of this region are better suited to it than any other branch of farming.

The history of my business is the history of many others in this section, as our representatives before your honorable committee, Hon. D. M. Campsey and R. T. Munce, can testify.

Yours, truly,

R. J. McCLEERY.

OREGON WOOLGROWERS COMPARE COST OF WOOL PRODUCING AT PRESENT WITH FORMER YEARS.

WASHINGTON, D. C., December 1, 1908.

HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

Washington, D. C.

We, the executive committee of the Morrow County Woolgrowers' Association, State of Oregon, do hereby state the facts as to the cost of running a band of sheep of 2,000 head now as compared with the cost of running the same number of sheep when the present Dingley tariff bill came into effect; that the deeded land necessary to be owned at that time for an individual sheepman was approximately 500 acres, there being sufficient government land lying adjacent to his to make up the necessary 2,500 acres of land for which he paid nothing; that the range land at that time was not worth to exceed \$3 per acre; that now the sheep raiser has to own practically all his range, and that the price thereof has increased from \$5 to \$8 per acre; that the wages of herder and camp tender since that time have increased fully 30 per cent; that the summer range at the time of the passage of the Dingley bill was free, now all summer range has to be rented at a cost to the sheep raiser of from 7 to 12 cents per head; 50 per cent more help is needed now than formerly on account of the up-to-date methods of handling the sheep while on the national forest, and the preparation for feed for winter on the home ranges; that there is an increased loss of sheep now more than formerly on account of the government rules and regulations, while trailing to and from their allotments, compelling sheep owners to observe and keep the trail for long distances, oftentimes without feed or water, and to pay fees for crossing private lands that are encountered while traveling these trails; that preda-

tory wild animals have increased, causing a greater loss than formerly; that the sheep buyers used to buy the sheep of the owners at their respective homes and trail them East to the winter feeding yards, incurring practically no expense for summer range; now said buyers have become shippers and the producer practically has to pay the freight and for summering the sheep; that the cost of shearing sheep has increased from 2 to 5 cents per head, and that sheep expenses have increased correspondingly on all lines.

We sincerely believe that if there was any need of the Dingley tariff on wool at the time of its passage it is doubly necessary to maintain the same now on all wools that would be brought into competition with American product.

In view of these facts the following figures have been compiled and subscribed to for the consideration of your honorable body.

1897:

2,000 head of sheep, worth \$3 per head.....	\$6,000.
500 acres of land, \$2.50 per acre.....	1,250
Herders, wages per year.....	360
Camp tenders, five months.....	100
Lambing expenses.....	200
Shearing expenses.....	120
Provisions for one year.....	300
Feeding in winter, one month.....	300
Taxes.....	100
Miscellaneous expenses.....	200
Total.....	<u>8,930</u>

1908:

2,000 sheep, worth \$4 per head.....	8,000
2,000 acres of land, at \$5 per acre.....	10,000
Herder's wages.....	480
Camp tenders, five months.....	250
Lambing expenses.....	400
Shearing, at 8 cents per head.....	160
Provisions for year.....	600
Feeding in winter, three months.....	1,000
Summer range.....	200
Taxes.....	200
Miscellaneous expenses.....	500
Total.....	<u>21,790</u>

It will be shown by the foregoing figures that the enormous difference in the expense of handling sheep now and the time referred to is the fact that all winter range is now owned and the price thereof has become doubled, government range in this district being practically a thing of the past, and summer range, at that time free, is now created into forest reserves and has to be leased. Natural forage has become scarcer, making the winter feeding season three times as long; expenses of all kinds have increased from 30 to 50 per cent owing to the improved methods and increased help necessary to the successful handling of sheep.

GEO. J. CURRIN, *President*.
 S. W. SPENCER, *Secretary*.
 JOHN KILKINNEY.
 GEO. PERRY.
 W. B. BARNETT.
 EMMET COCHRAN.
 R. F. HYND.

**GEORGE P. DUDLEY, GARO, COLO., PROTESTS AGAINST ANY
REDUCTION IN DUTY ON WOOL.**

GARO, PARK COUNTY, COLO., *November 28, 1908.*

Hon. S. E. PAYNE,

*Chairman Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I wish to enter a protest against any reduction of the present duty on wool. For the past twenty-five years I have been raising sheep in Park County, Colo., and therefore know from actual experience what a reduction of the tariff on wool would mean to the sheepmen of this country. For several years during the Cleveland administration, the low tariff nearly wiped out the sheep business. To show what it would do now by figures based upon my record of receipts and expenditures for this year, 1908, I have made a statement, which I inclose herewith. This statement is of a dry herd; i. e., sheep having no lambs. With a ewe herd the increase of lambs of from 80 to 90 per cent in a good season, down to from 10 to 15 per cent in a bad season, would by close attention and economy, help to overcome a low price on wool, and make a moderate profit. The wool is sold at the ranch or on the car for shipment. My experience in several shipments for consignment to Boston or Philadelphia, in past years, has been that the expense of freight, commission, drayage, amounts to 5 cents a pound. This is saved in a direct shipment to buyer. Indeed, it has required the utmost economy in every phase of the business to make "good" years offset "bad" years. Formerly forest grazing was free, now it requires a permit from the Government at a cost of 7 cents per head for two and a half months.

Situated close to the mountain range, at an altitude of about 9,000 feet, where there is no possibility of cultivating the soil in order to make another revenue, stock raising is the only means of realizing anything from the surface. To those of us who are seeking the only possible means of revenue from the bleak highlands by the sheep industry, any lowering of the present tariff on wool, simply spells disaster. It will certainly be the means of closing out the sheep business in this portion of the country.

I therefore urge you to consider this protest favorably, when this question of tariff on wool is determined.

Your, respectfully,

GEO. P. DUDLEY.

EXHIBIT A.

FINANCIAL STATEMENT.

Financial statement of the receipts and expenditures from a "dry" herd of 2,000 sheep in this year 1908:

Expenses.

Herdling 12 months, at \$30 per month.....	\$360
Supplies for herder.....	140
Shearing, at 6 cents, shears 1 cent.....	140
Salt for sheep.....	100
Forest-grazing permit 2½ months.....	140

Part time of manager-----	\$150
Sacking wool, twine, hauling, etc-----	60
Extra feed, corn, etc., winter-----	200
Wear and tear corrals, fencing, etc-----	150
Interest on \$6,000, at 6 per cent-----	360
Loss of stock (average 100 head, \$3 per head)-----	300
Taxes-----	50
Total expense-----	<u>2,154</u>

Receipts.

Wool (7 pounds per head, at 12 cents)-----	1,680
Pelts from lost sheep (100 head)-----	100
Total receipts-----	<u>1,780</u>
Total loss-----	<u>874</u>

This shows the loss with reduced price on wool. It would mean the loss of the business.

THE EUREKA LIVE STOCK CO., EUREKA, NEV., ALSO ASKS FOR INCREASE IN WOOL DUTIES.

EUREKA, NEV., *November 18, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: With reference to the tariff on wool, which we understand will come before your committee for argument during December 2 and 3, wish to say that we have been engaged in the sheep and wool business for several years, and while we have not made as much money out of it as we expected, we have given employment to between 40 and 50 men.

Should the present tariff be reduced it would compel many men engaged in this business to discontinue the same, hence, in behalf of the sheepmen in this section, I earnestly protest against any reduction in the tariff on wool and would favor a raise in the present schedule.

Yours, very truly,

W. E. GRIFFIN, *President.*

THE MONTANA WOOL GROWERS' ASSOCIATION WRITES RELATIVE TO SKIRTING CLAUSE AND CARPET WOOLS.

HELENA, MONT., *November 25, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: The Montana Wool Growers' Association, representing a community owning more sheep and producing more wool probably than any State in the Union, respectfully submits the following statement for your consideration:

The conditions of the industry have changed in recent years and through necessity there has been a general effort on the part of

sheep owners to reduce their holdings. The extra cost of running sheep, with larger holdings of deeded land and the excessive rates charged by the Forestry Department for grazing sheep on the forest reserves, as well as the increase in the wages of employees, all tend to make the business of sheep raising less profitable. It has well been said that any duty that falls short of covering the difference between American and foreign wages, or, in short, the difference in cost of production, is only a revenue duty and is in no sense a protection of the industry. It is therefore important that you be made acquainted with the difference of cost of production of a pound of wool in the United States as compared with cost of production abroad. It is our understanding that the cost of such production in most foreign countries is not to exceed one-half what the cost is in the United States, and we herewith submit exhibits A, B, C, D, and E, which are letters from reliable woolgrowers in this State, giving their estimates of cost of running sheep. And while not all of these letters give the cost of producing a pound of wool, it will be self-evident to you that the cost per pound is very high at the present time and under present conditions. Doubtless you have or can easily obtain the facts as to cost of production abroad. We emphasize this point and ask that you give this feature your careful and thorough consideration.

In this connection you should also bear in mind that the freight on wool from London to Boston is one-fourth of 1 cent per pound, and from Australia to Boston three-fourths of 1 cent per pound, and from the western woolgrowing States to Boston $1\frac{1}{4}$ cents per pound. These differences in freight and the difference in cost of production of wool in foreign countries are serious burdens on us, which show the necessity for the protection of the woolgrowers of the United States in the levy of duties.

In 1870 it was estimated that 67 per cent of the sheep in the United States were east of the Mississippi, but since the Wilson tariff was enacted a radical change has occurred and a much larger percentage of sheep can now be found west of the "Big Muddy." Therefore the question of difference in freights enters into this subject more than ever before.

It is the opinion of persons conversant with the facts that the manner in which the so-called "skirting" proviso of section 356 has been carried into effect has been prejudicial to the interests of the woolgrowers of the Union. Your attention is called to a letter on this subject addressed to Mr. Bower, the president of this association, by Mr. W. K. Harber, in which this matter is clearly set forth, and a copy is herewith submitted with the cordial indorsement of this association.

The duty of 11 cents on each pound of wool of the first class under the present law should be retained, with no "skirting clause" to reduce it in its effect to 8 cents, which we most certainly believe to be the case at present.

We further protest against the dual classification and nominal duty charged on third-class or carpet wools, as it seems undeniable that this wool enters largely into the manufacture of clothing; and, furthermore, we are cognizant of the fact that 82 per cent of this wool gets into the United States by paying only 4 cents duty, a condition not

contemplated by the framers of the present tariff, and we earnestly ask a modification of the duty on this class of wool.

The woolgrowers also are anxious and earnest that the home manufacturers have the home market for the sale of their goods, so that they will not be compelled to use shoddy to produce a cheap article—which may be dear to the consumer at any price—in order to meet foreign competition, and in return for this loyalty to the manufacturer we earnestly ask a duty that will enable us to sell these same manufacturers the wool they need, and that there shall be no “skirting clause” or other evasion to annul to any extent the 11 cents duty on first-class wool, or a provision or clause that will allow any wool used for clothing purposes to come into our market paying only a 4-cent duty, as has been the case under the present law. With the manufacturer given proper protection on his manufactured goods we see no good reason why he should not use a larger per cent of pure wool and less shoddy. We therefore ask for a high duty on shoddy, believing that this is in the interests of both the growers of wool and the consumers of clothing.

As it is so frequently and so positively stated by reliable parties who know that wool is received into this country and duty collected upon the classification stated by the importer without the bales ever being broken and examined, and thereby great fraud has been committed in falsifying the classification, we ask the doing away with the two classifications on carpet wools and the retention of only the 7-cent class. The foregoing is also necessary to encourage the keeping of coarse-wooled sheep, which are the meat producers, and to encourage meat production is to provide cheap meat for the people.

Respectfully submitted.

MONTANA WOOL GROWERS' ASSOCIATION,
By J. E. BOWER, *President*.
WM. J. BICKETT, *Secretary*.

EXHIBIT A.

OCTOBER 5, 1908.

Mr. J. E. BOWER,
President Montana Wool Growers' Association,
Helena, Mont.

DEAR SIR: Replying to yours of 2d instant as to apparent defects in wool schedule of Dingley law, the trouble seems to be a manipulation by which the manufacturing interests get the best of it. The same conditions obtained under the McKinley bill. The following will explain:

Section 357 provides for duty of 11 cents per pound on wool of the first class.

Section 354 provides that duty on scoured wool shall be three times the duty on unwashed.

Section 356, save wool that has been sorted or increased in value by rejection of any part of original fleece, shall pay twice the duty to which it would otherwise be subject. Provided, That skirted wools as imported in 1890 and prior thereto are hereby excepted.

The effect of this exception clause appears in this simple illustration:

An importation of 100 pounds Australian skirted wool shrinking 60 per cent (it is usually less than that, I believe) will pay \$11 duty. It yields 50 pounds clean wool, upon which the duty that has been paid averages 22 cents per pound, compared with the 33 cents contemplated in section 354 as above.

To produce 50 pounds scoured wool would require 135 pounds of Montana unwashed wool, shrinking 63 per cent, which is displaced by the Australian wool as above. In other words, 135 pounds of Montana wool is protected by \$11 duty or, say, about 8 cents per pound.

The manufacturer benefits from this arrangement through a compensatory duty on imports of woolens, which in most cases is 33 cents per pound (in addition to an ad valorem rate) to offset the duty assumed to have been paid upon imports of raw material and the enhanced cost of domestic wool. But as shown in foregoing illustration the actual duty paid was only 22 cents per pound on scoured wool, and part of the imported fabrics are not made of wool.

The figures as to shrinkage used in illustration are adopted for convenience and should not be considered as an accurate statement of conditions. They serve only to illustrate the point.

It is my belief that a duty assessed upon a shrinkage basis would be preferable to the present system, which does not afford the protection it professes to give. The market value of wool depends mainly upon its shrinkage, and if the duty could be regulated upon the same basis I believe we would come nearer to getting a square deal.

Respectfully,

W. K. HARBER.

FORT BENTON, MONT.

EXHIBIT B.

HELENA, MONT., *November 27, 1908.*

MONTANA WOOL GROWERS' ASSOCIATION,

Helena, Mont.

GENTLEMEN: Replying to your favor of recent date, in which you inquire as to the cost of production of wool, I beg to state that from the statement of the Clear Range Livestock Company last year it is shown that the average cost of running 16,000 sheep for twelve months was \$1.25 per head. The average yield of wool per sheep was a little less than 7 pounds.

The items charged to cost of running sheep include herding, shearing, and the various expenses incident to sheep raising, but, of course, does not include interest on the capital invested.

Yours, very truly,

LEWIS PENWELL,
Vice-President Clear Range Livestock Company,
By C. W.

EXHIBIT C.

GREAT FALLS, MONT., *November 20, 1908.*

Mr. LEWIS PENWELL,
Helena, Mont.

DEAR SIR: Your favor of the 18th at hand.

We find that the cost of running sheep in this State is increasing each year, owing to changed range and other conditions, and we believe that the actual cost of running sheep in Montana is not less than, and close to, \$1.20 per head per annum. By this we mean actual operating expenses. To this must be added interest on the capital invested in real estate, horses, machinery, etc., necessary to run the business, and in the sheep. Free range is nearly a thing of the past. Estimating 2 acres as necessary to support a sheep for a year, and the land as worth \$7.50 per acre, and the sheep at the average price of \$3.50 per head, you will have to add to the above \$1.20 the interest on \$18.50 for a year, and also the interest on, and depreciation of, your equipment.

There have not been published for the past few years any accurate figures as to the number of sheep sheared in Montana, and there is no late accurate data as the average weight of Montana fleeces, but it is probable that it is about 7 pounds.

The increase in numbers and value of the average Montana wool-grower's flock from year to year—or, in other words, the proceeds of the sale of his surplus sheep and lambs—will not equal the proceeds of his wool clip if the standard of his flock is maintained.

You can easily see, by extending the above figures, that the average woolgrower of Montana must obtain close to 20 cents per pound for his wool to enable him to obtain a very moderate rate of interest on his investment as his profit in the venture. Any lowering of the tariff whereby he will be brought into competition with foreign wools will put him out of business.

We hope that you will be able to show the Ways and Means Committee the necessity for not lowering the tariff.

Very truly, yours,

J. B. LONG & Co.

EXHIBIT D.

FORSYTH, MONT., *November 24, 1908.*

LEWIS PENWELL, Esq.,
Helena, Mont.

DEAR SIR: In answer to your letter of the 18th, will say that it costs us from 10 to 14 cents to produce a pound of wool. In mild winters, when no hay is fed and the death loss is light, it costs as low as 10 cents per pound. We breed no ewes—only run dry sheep or wethers. On an average band of 3,000 head we figure the cost this way:

1 herder, 12 months, at \$45 per month.....	\$540. 00
1 camp tender, 12 months, at \$50 (half time, as he attends two camps).....	300. 00
Provisions, herder, and dogs, at \$20 per month.....	240. 00
Provisions, camp tender, at \$20 per month, 6 months.....	120. 00
1 sheep wagon, equipped with dishes and stove.....	\$225. 00
Camp wagon ^a	42. 50
3 horses, harness, and saddles ^a	250. 00
	^b 103. 50

^a Only half cost given, as two bands are looked after by each camp tender.

^b Will last ten years; figure 10 per cent interest.

Taxes on 3,000 sheep, at \$3 (27 mills in this county)-----	\$213.00
Hay 2 months, 2½ pounds per day, at \$6 per ton-----	1,350.00
Interest on investment, at 10 per cent (\$3 per head)-----	900.00
Loss in deaths and disease, 5 per cent-----	450.00
Wool sacks and shearing, 14 cents per head-----	420.00
Hauling wool to market, 13 pounds per head (3,000 head), at 2½ cents per hundred-----	9.75
Dipping, 2½ cents per head (twice)-----	150.00
Foreman's salary, interest, and taxes on ranch and equipment-----	620.00
Total-----	5,416.25

James Vestal, at Martinsdale, can give you figures on cost of wool from ewes, as we only run ewes up there.

Yours, truly,

REA BROS.

EXHIBIT E.

BILLINGS, MONT., *November 25, 1908.*

MR. LEWIS PENWELL, *Helena, Mont.*

DEAR SIR: Your favor of November 18 to hand and contents duly noted. I regret that I have not answered the same sooner, but have been away a great deal lately and this is the first opportunity that I have had to answer.

At the present prices received for wool it is absolutely impossible for me to make any money running sheep with the range as scarce as it is. I pay the Government \$23,000 annually for the grazing privileges where I run my sheep, and at the present prices of wool it is absolutely impossible to make any money. With the advent of the dry farmer the range is growing less each year, and the way a person has to rustle for range now they will have to receive a higher price for their wool and mutton or else go out of the sheep business. .

Yours, very truly,

C. M. BAIR.

NEW MEXICO BUSINESS MEN AND SHEEP OWNERS WISH PRESENT WOOL DUTIES RETAINED.

LAS VEGAS, N. MEX., *November 27, 1908.*

HON. SERENO E. PAYNE,

*Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.*

SIR: The undersigned, business men and sheep owners of Las Vegas, N. Mex., one of the oldest wool markets in the United States, and a community which has for several generations derived its principal support from wool and sheep growing, do respectfully submit the following:

That under the present tariff on wool prices received for this product have not been excessive, and, considering good years with

bad, the business is one of no more than ordinary returns on capital invested for a series of years; that the majority of the persons whose names are hereto subscribed were in business, as now, during the period of free trade on wool, and that the sheep industry of this section would have become absolutely a thing of the past in this general section had free trade on wool prevailed for a period of five years beyond the time that duties were restored; that many of the sheep owners who carried themselves through this period of depression in their business were able to do so only by credit extended to them by business men of the community, with prospect in view of a restoration of wool duties; that there are plenty of individual instances where debts accumulated during that period, though gradually reduced, are not yet fully satisfied; that any decrease in duties on wool in the near future will destroy the moderate profit that at present exists in the business, and that with increased expenses consequent on the advance of civilization in this formerly thinly settled country and the consequent requirement for greater ownership of lands than was for many years the case the sheep business now requires all the protection afforded by the present tariff in order to allow the owners of sheep and growers of wool to draw from their capital and efforts a reasonable compensation.

And we hereby respectfully protest against any reduction in the tariff on wool in any degree whatsoever.

CHAS. ILFELD,
Las Vegas, N. Mex.
(And 48 others.)

Letters, petitions, and telegrams, similar in purport to the above, were received from the following: J. E. Samuelson and 31 others, Las Animas, Colo.; The F. Burkhard Saddlery and Implement Company and 31 others, of Trinidad, Colo.; C. G. Richards, 4640 Baldwin court, Denver, Colo.; Wesley Bishop, Delaware, Ohio, secretary Vermont, New York, and Ohio Merino Sheep Breeders' Association; J. A. Sutherland and 751 others, woolgrowers and business men, of western Pennsylvania; John D. Waite and 3 others, woolgrowers, Fergus County, Mont.; M. Craven, Ashland, N. H.; Weston County Wool Growers' Association, Newcastle, Wyo.; Newcastle Commercial Club, Newcastle, Wyo.; L. L. Bradley, Elks, Nev., and 110 others, citizens of Nevada; Colfax County Wool Growers' Wool Association, Colfax County, N. Mex.; Floresheim Mercantile Company and 8 others, Colfax County, N. Mex.; Thomas Nelson, Stone House, Nev.; Belle Fourche Wool Growers' Association; W. T. Jenkins Company, Battle Mountain, Nev.; A. Borland and F. I. Gunnell, Lovelock, Nev.; Tri-State Wool Growers' Association of Pennsylvania, Ohio, and West Virginia; The National Delaine Sheep Breeders' Association, Canonsburg, Pa.; Washington Wool Growers' Association, North Yakima, Wash.; New Mexico Wool Growers' Association, Albuquerque, N. Mex.; F. W. Rumble, Carthage, Mo.; Frank Pfeiffer, Kemmerer, Wyo., and 9 others.

**THE MISSOURI SHEEP BREEDERS' ASSOCIATION ASKS AN
INCREASE IN DUTIES ON WOOL.**

SEDALIA, Mo., November 27, 1908.

HON. SERENO E. PAYNE,
Chairman House Ways and Means Committee,
Washington, D. C.

DEAR SIR: On behalf of the board of directors of the Missouri Sheep Breeders' Association, an organization composed of almost 500 of the most prominent and progressive sheep breeders in this State, I respectfully submit to your honorable body the facts that the advancing land values, the scarcity and high cost of farm labor, and the consequent appreciation of feeds of all kinds throughout this country imply the necessity of a higher import duty on wools than the present tariff schedules provide, to the end that our wool-growers may be enabled to realize a reasonable profit from their investments and labors.

For the ten years prior to 1900 the sheep industry was at a very low ebb in this State, with but comparatively few men engaged in it. Since 1900 the number has been increasing. Now we have about 3,000 farmers engaged in raising and handling sheep, with aggregate holdings of about 1,100,000 head.

But a large majority of these men have started in the sheep business within the past three years, and, while their number is increasing, this State needs and could sustain 6,000,000 sheep, which would only be an average of 20 head to each farm.

It is the consensus of opinion of the members of this association and our sheepmen generally that the present rate of import duty on wool should be increased 5 cents per pound, and we indulge the hope that your committee will feel warranted in recommending such increase.

Very respectfully,

M. V. CARROLL,
Secretary Missouri Sheep Breeders' Association.

WOOL AND HIDES.

**HON. W. H. ANDREWS, DELEGATE FROM NEW MEXICO, SUBMITS
RESOLUTIONS OF WOOLGROWERS.**

WASHINGTON, November 27, 1908.

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. PAYNE: I inclose you herewith a letter and resolution passed by the Sheep Breeders and Wool Growers' Association of Chaves County, N. Mex.

Very truly, yours,

W. H. ANDREWS,
Delegate from New Mexico.

ROSWELL, N. MEX., November 21, 1908.

Hon. W. H. ANDREWS,
Washington, D. C.

MY DEAR MR. ANDREWS: Herewith is a resolution that Chaves County Sheep Breeders and Wool Growers' Association passed this date unanimously, giving our side of the proposed tariff revision. We hope to have you take up our cause with the Ways and Means Committee at Washington on December 2 and 3 and prevent, if in your power, any change whatever in lower tariff on wool and hides. This association represents 75 members, with 600,000 head of sheep, and anything you may do for us in this matter I assure you will be highly appreciated. A reply to be read to our members would also be appreciated by all.

I am, yours, very truly,

ELZA WHITE,
Secretary and Treasurer.

ROSWELL, N. MEX., November 21, 1908.

Resolved, That we, the wool growers, storers, and salesmen comprising the Chaves County Sheep Breeders and Wool Growers' Association in called session convened at Roswell, N. Mex., do most respectfully protest against the threatened, unnecessary tampering with the present tariff schedule on wool and hides. Through the several years that the present equitable tariff laws have been in force, the southwestern wool producers have begun to recover from the ruinous low tariffs of former schedules, and through continued droughts, beset on all sides by the greatest hardships and privations, strikes, labor disputes, and grasping corporations, the struggles of the wool producers have been almost unsurmountable, and to again handicap the industry with a new or lower schedule is too much, and we do most respectfully but earnestly protest against any tampering with present schedules whatever.

ELZA WHITE,
Secretary and Treasurer.

Petitions and letters similar in purport to the above were received from the following: William Dawson, ranch manager, Chugwater, Wyo., and 143 others, woolgrowers and business men of Wyoming; Andrew Gray, American Falls, Idaho, and 82 others, business men and stock growers; The Neponset Land and Live Stock Company, Evanston, Wyo., and 42 others, woolgrowers, live stock and business men; Wyoming Wool Growers' Association; Albany County Wool Growers' Association, Laramie, Wyo.; Eastern Wyoming Wool Growers' Association, Douglas, Wyo.; Uinta County Wool Growers' Association, Cokeville, Wyo.; Weston County Wool Growers' Association, Newcastle, Wyo.; R. W. Olson and 34 others, Cokeville, Wyo.; George S. Walker, secretary National Wool Growers' Association, Cheyenne, Wyo. (forwarding petition signed by 259 citizens of New Mexico); Chaves County Sheep Breeders' and Wool Growers' Association, Roswell, N. Mex.; Ewen McLennan, Shaniko, Oreg.; and Henderson Banking Company, Elko, Nev.

WOOL AND LIVE STOCK.

THE NATIONAL WOOL GROWERS' ASSOCIATION ASKS PRESENT DUTIES ON WOOL, WOOLEN FABRICS, HIDES, AND MEAT.

NOVEMBER 28, 1908.

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
 House of Representatives, Washington, D. C.*

DEAR SIR: We beg to submit herewith copies of resolutions adopted by the National Wool Growers' Association, in forty-third annual convention assembled at Salt Lake City, Utah, January 19, 1907, and the forty-fourth annual convention assembled at Helena, Mont., January 16, 1908, and in connection therewith we beg to represent that the National Wool Growers' Association was organized in 1864 and is one of the oldest associations of live-stock growers in the United States. The membership includes sheep and wool growers and breeders in every State and Territory in the Union, and the following resolutions represent the sentiment of the several hundred thousand growers, who produce annually approximately 300,000,000 pounds of wool, valued at approximately \$79,000,000, and mutton valued at approximately \$100,000,000, and we trust that the following will be given careful consideration by your honorable committee:

SALT LAKE CITY, UTAH, *January 19, 1907.*

We are unqualified in our indorsement of the present import tariff duties on wool, woollen fabrics, hides, meat, and meat animals, and oppose emphatically any legislation which shall tend to decrease or disturb the present prosperous condition of the wool and live-stock industry of the United States.

HELENA, MONT., *January 16, 1908.*

Resolved, That we approve the present tariff on wool and hides and deprecate any attempt to alter or modify the same.

Whereas, recognizing in Angora husbandry a live-stock pursuit kindred to sheep raising that is peculiarly adapted to many localities in the United States, and an industry that is of signal promise in this country; and

Whereas, appreciating in the materially inadequate supply of domestic Angora products for the home demand to-day necessitating annual purchases of mohair and skins from foreign countries of upward of a million dollars in value, it would indeed be showing an un-American spirit if encouragement and protection shall not be meted out to the plodding husbandmen of this young industry: Now, therefore, be it

Resolved by the National Wool Growers' Association, That it indorses the demand of the Angora husbandmen of this country for the continued protection of the present duty on mohair: for a protective tariff on Angora skins: for a reduction of the fee for grazing on the national forests to the same rates applying for sheep; for an enumeration of Angora goats in the next census separate and apart from the common or nonshearing animal; for provision by the Department of Commerce and Labor for procuring and compiling statistical information relating to the annual production, importation, and consumption of mohair and Angora goat skins in the United States; and for a continuation of the efficient work of the Bureau of Animal Industry of the United States Department of Agriculture in behalf of the Angora industry and provision for the printing and distribution of liberal editions of its enlightening and instructive publications on Angora husbandry; and be it further

Resolved, That we commend to Congress, to the Department of Agriculture, and the Department of Commerce and Labor the need of favorable action on the requests of these our fellow-husbandmen.

Very truly, yours,

THE NATIONAL WOOL GROWERS' ASSOCIATION.
 GEORGE S. WALKER, *Secretary.*

WOOL CONDITIONING.

ROBERT J. HOGUET, NEW YORK CITY, SUGGESTS THAT DUTY ON WOOL BE ASSESSED ON SCAURED WEIGHT.

NEW YORK CITY, *December 10, 1908.*

HON. W. BOURKE COCKRAN,
Washington, D. C.

DEAR SIR: Confirming my letter of yesterday, I take pleasure in supplementing same by calling attention to the fact that much of the dissatisfaction now being felt with the operation of the wool duties arises from the fact that manufacturers have to pay duty not only upon wool, but also upon the accompanying moisture and dirt eliminated by subsequent industrial processes. This difficulty affects their interests in a still greater degree as to the cost of their materials; but as the same remedy would apply in both cases, it is of interest to note the manner in which the question has been dealt with in Europe.

Originally applied to silk as the most costly of textile materials, the system of public conditioning or testing for moisture has likewise assumed enormous importance as to wool and other textiles. The eight leading conditioning houses of the north of France handled in the year 1907 nearly 250,000,000 pounds of wool, about 45,000,000 pounds passed through the Verviers conditioning houses, and nearly 6,000,000 pounds through the three principal German establishments. Returns from Bradford show about 65,000,000 pounds annually handled.

That France, the keenest foreign competitor of the American dress-goods manufacturer, should be at the head of the wool-conditioning movement is a strong argument in favor of our manufacturers' importations of wool reaching them on as favorable terms as purchases of their French competitors. As a practical result of these considerations, and in view of the importance of conditioning textile materials, I would suggest that the duty on wool should be levied by the scoured weight. The conditioning and testing facilities which have long existed in this country place our woolen industries on a level in this respect with those of Europe.

The annual purchases of raw material by American woolen manufacturers represent about \$250,000,000. Accuracy in quantity is of primary importance both to the Government and the manufacturer. Such accuracy is only obtainable by the tests I have indicated.

Entirely at your service for any desired information, I remain,

Yours, very truly,

ROBERT J. HOGUET.

WOOL DUTIES.

EDWARD MOIR, OF MARCELLUS, N. Y., PETITIONS FOR AD VALOREM IN PLACE OF SPECIFIC DUTIES.

MARCELLUS, N. Y., *November 27, 1908.*

Recently the writer was invited to attend a meeting in Boston, consisting of a committee of the American Association of Wool Manufacturers and of the Worsted and Woolen Goods Association. Thinking the meeting was for the purpose of ascertaining the views

of the textile trade generally, with a view of coming to some common understanding on tariff changes that might be recommended to the Ways and Means Committee of the House, I was glad of the opportunity of being present.

Mr. William Whitman, president of the national association, was invited to the chair and, after a few preliminary remarks, stated that about a month before election a committee of his association had met a committee of the Wool Growers' Association at Chicago, the result of this conference being that both associations agreed to stand "pat" on Schedule K of the Dingley bill. This was rather astonishing to me, and I took the opportunity of dissenting very strongly against such a compact being approved of. I feel so strongly on this subject that I am taking this method of bringing to the attention of the woolen manufacturers especially, and the wool trade generally, the great injustice to the woolen industry under the obnoxious method of collecting the duty on wool.

Under the present specific system the woolen manufacturer is very severely handicapped on his raw material. As stated at the meeting referred to, it is evident that one branch of the textile industry is greatly favored by the terms and method of collecting duty on its raw material coming from abroad. The writer, by way of illustration, cited wools used by such as the Arlington and other mills, comparing same with wools that would be desirable for the manufacture of various lines of woollens. In the first place, English-pulled and fleece-washed wools suitable for combing purposes may be imported, paying a duty of 12 cents per pound. These wools, in washing, will lose from 16 to 28 per cent, whereas woolen manufacturers who want to use Cape, Montevideo, or fine Australian, averaging 65 per cent, washing loss, must pay 11 cents per pound duty. Let us see the advantage of this to the worsted industry and against the woolen manufacturer. We will say the Arlington mill brings in pulled wool losing 16 per cent in washing. The duty is 12 cents per pound. The compensatory duty on the cloth is four times the rate of duty on the wool, so that on 4 pounds of this wool the return would be 3.36 clean pounds, on which 48 cents duty is paid, or 14.3 cents per clean pound. On the other hand, should the woolen manufacturer bring in fine wool losing 65 per cent in washing, at a duty of 11 cents per pound, the compensatory duty on the cloth being four times the wool duty, he would pay on 4 pounds 44 cents and get back $1\frac{1}{2}$ pounds clean wool, making the duty per pound $31\frac{1}{2}$ cents, as against less than 15 cents paid by the worsted manufacturer using many of these English wools. A wool that shrinks 70 per cent, paying 11 cents per pound duty, is nearly 37 cents per pound clean, the extreme difference being about 22 cents per pound.

When we consider the enormous advantage accruing to part of the worsted industry, such as are bringing fleece washed wools at a single-duty rate, one does not wonder at Mr. Whitman's association taking time by the forelock and making such a compact with the wool-growers. Anyone can see the "nigger in this fence," as all other fleece washed wools suitable for woolen purposes must pay double duty, or 22 cents per pound, and on heavier shrink wool. By way of further illustration of the absurdity of a specific duty upon wool, let me state that during the free-wool period of the Wilson bill we found great differences in the rates of duty which parcels of wool imported

would have paid under the Dingley or the McKinley bill. The lowest duty that would have been collected on our importations in 1895 figured 75 per cent on the cost of the wool and the other extreme 140 per cent on the ad valorem cost. Wool at that time abroad was cheap. Nevertheless, it shows the utter absurdity of specific duties on this kind of raw material. When one considers that the washing loss varies from 15 per cent to 80 per cent, it ought to be apparent to the ordinary man that such a method of collecting the duty on wool is very favorable to some branches of the industry and grossly unfair to others. The duty upon wool in a specific form being fixed when wool is high abroad, the ad valorem duty figures less, and when wool gets very cheap abroad, as it sometimes does, the specific duty having to be paid no matter what the cost per pound may be, injures the domestic manufacturer and bonuses the foreign manufacturer, enabling him to undersell our home manufacturers. This has happened several times in the last twenty years. One might ask, Why are the woolen manufacturers putting up with this incongruity? This might be explained in this way: Men who were in the woolen business in 1865 in time dropped out, and for the last twenty-five or thirty years their successors have not had opportunity of knowing the great variety of foreign wools that can be utilized in the manufacture of woolen goods. Many of these wools are arbitrarily excluded by the specific duty, owing to their great washing loss. This country does not produce all kinds of wool, and never will, and as these desirable wools are excluded by weight duty, we see in the government statistics great quantities of woolen goods being imported from year to year, while much of our woolen machinery is idle. The duty was first placed on wool, as I understand it, in 1865, as a war-revenue tax, and it seems incomprehensible to a great many people that this war-revenue tax should still be considered necessary to enable wool to be grown successfully in this country. If the Australian and South American woolgrowers can grow wool successfully and make considerable money, it seems singular to me that a western woolgrower, with the cheapest land in the world and grazing for sheep provided practically free, should require or have the cheek to ask a duty upon foreign wool, running from 40 to 120 per cent ad valorem on present values. Let us compare the position of the woolgrower with men in other branches of industry. Take the machinery manufacturer, for example. A machinery manufacturer has expensive buildings to construct, with all the necessary adjuncts for manufacturing, plus the expensive daily labor and other expenses, has to get along, and does make money on a 45 per cent ad valorem duty. Therefore why can't a woolgrower who has no such expenses make money with a duty of 25 per cent ad valorem on foreign wool? Another feature of this wool duty is the dividing of wool into classes. I never have believed carpet wools should be admitted under a lower rate of duty than clothing wool. It has also seemed to me to be an absurdity that wools entering into the manufacture of clothing for men and women should pay a higher tax than wools which enter into the manufacture of carpets. Why should an article that is a necessity be legislated dear and an article that is a luxury legislated cheap? Why not let those who can buy carpets contribute to the revenue equally with the people who have to buy clothing? An ad valorem duty on wool of 25

per cent, and all wools paying same rate of duty, would, in my judgment, be a very desirable situation to bring about. At the present time, as domestic wool is cheap, prices of wool abroad are fairly high, goods are not in a large supply, and now would be a very opportune time to put wool upon a lower duty basis. I am not wedded to any particular rate of duty, but am satisfied that if the woolen business is not put upon an equitable basis with other branches of the trade as to wool, it will be gradually driven out of existence, or confined to such mills as by favorable location and other advantages may survive from one period of fashion in woollens to another.

I omitted to say that at the meeting held in Boston the president of the national association, Mr. Whitman, made a statement that the woolen business was a declining business; that people wanted worsted goods, as they could be made lighter in weight for summer use; that the great competitor of the woolen business was the cotton business. Cotton was so cheap people seemed to like it, and between these two businesses, the woolen business would decline and you could not help it.

Mr. Whitman did not seem to be aware that he was making a splendid argument for cheaper wool for the woolen mills. Nearly every one I have spoken to on this subject is in favor of an ad valorem duty upon raw wool. I do not believe that a duty of 40 to 120 per cent on an ad valorem basis at present prices on any material can be justified by anybody. Any manufacturer in any line will say that nothing is so detrimental to the success of a manufacturing business as that of dear raw material. The absurdity of this tax and the iniquitous method of its collection is so great I wonder the wool dealers and the manufacturers have let themselves be hoodwinked for so many years. I put the absurdity of the wool duty before the gathering in Boston in this way—asking one of the woolen manufacturers present this question: "Suppose you were making six or seven different fabrics in your mill; that your raw material were free; that you demanded that Congress should enact for your benefit that duties against the foreigner should be imposed running from 40 to 120 per cent. What kind of a man would you think yourself?" With free raw material, this same man on 50 per cent duty on competing cloths did very well. Another manufacturer told me that during the last two years of the Wilson bill he never made so much money. Whatever rate of duty is put on wool should be an ad valorem one, so all branches of the textile industry will be put on the same footing as to its raw material. A continuance of the specific form of duty means continued hardship to the woolen mills, seeing that the worsted people are allowed to bring in English-washed fleeces and pulled wool at 12 cents per pound duty when in common fairness they should pay 24 cents. The point may be made on an ad valorem basis, there would be undervaluations. This criticism can be only made by those not well informed. No article of merchandise imported in its natural condition can be more closely determined as to its actual market value at the point of exportation than can wool in its natural state. I make this statement, feeling perfectly sure that the wool dealers generally will agree with me. There would be no objection in having an extra duty on scoured wool, so as to insure all wool washing being done in this country. So far as carpet wools are concerned, an ad valorem rate would be a great relief to the trade and do no harm to the revenue. The theory

of protection as I understand it is that, given a duty against the foreign article sufficient to compensate for increased cost of production in this country, practically all the country needs of that article will be made here. This contention is admitted to be substantially correct on many lines of manufacture. Since 1865, forty-three years ago, excepting three years of free wool, we have had this high duty on wool. During that time the population of the country has practically doubled, and the wool production has passed its limit as each year the clean product in pounds is decreasing, so that the theory of protection has completely failed in the production of wool. Mr. Dingley proposed to reduce the duty on wool under the McKinley bill something like 40 per cent, but the western Senators held the administration up, seeing they could not get anything for silver they demanded, and got the present high duty on wool. No doubt it will take a big fight to get an ad valorem on wool. For the present the woolen mills are not so much concerned about the rate of duty as that it shall be an ad valorem one, as this will be a long step in the right direction. Heretofore a few men largely of the worsted persuasion have been dominant factors in the making of the wool and woolen schedule, as is evidenced by the duty on worsted yarns from two-ply sixties down, also on tops, both of which articles of commerce are made dutiable at so high a rate of duty as to be absolutely prohibitory. It now behooves the wool dealer, the carpet and woolen manufacturer to be up and doing, by petition to the Ways and Means Committee, to the President-elect, and to their Representatives in Congress protesting against the present method of collecting the duty on wool and in favor of the ad valorem system, as no industry can be successful so long as its raw material is arbitrarily excluded by the operation of a tariff such as we now have.

EDWARD MOIR.

THE NATIONAL WOOL GROWERS' ASSOCIATION AND NATIONAL ASSOCIATION OF WOOL MANUFACTURERS FILE RESOLUTION.

NOVEMBER 28, 1908.

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: I beg to advise that at a meeting of committees headed by William Whitman, president, and Winthrop L. Marvin, acting secretary, of the National Association of Wool Manufacturers, and Fred W. Gooding, president, and George S. Walker, secretary, of the National Wool Growers' Association, held in Chicago on October 15, 1908, a full discussion of tariff matters was had. The following resolution was adopted unanimously, and we respectfully transmit same to your honorable committee with the hope that same will be given due consideration at the forthcoming hearings on Schedule K on December 2 and 3:

Resolved, That, in view of the approaching revision of the tariff by Congress, it is the sense of this meeting that we reaffirm the declaration adopted by the convention of woolgrowers and wool manufacturers in Syracuse, N. Y., December, 13, 1865, as follows:

Resolved, That the mutuality of the interests of the wool producers and wool manufacturers of the United States is established by the closest of commercial

bonds—that of demand and supply; it having been demonstrated that the American grower supplies more than 70 per cent of all the wool consumed by American mills, and, with equal encouragement, would soon supply all which is properly adapted to production here; and further, it is confirmed by the experience of half a century that the periods of prosperity and depression in the two branches of the woolen industry have been identical in time and induced by the same general causes.

Resolved, That as the two branches of agricultural and manufacturing industry represented by the woolen interest involve largely the labor of the country, whose productiveness is the basis of national prosperity, sound policy requires such legislative action as shall place them on an equal footing, and give them equal encouragement and protection in competing with the accumulated capital and low wages of other countries.

Resolved, That the benefits of a truly national system, as applied to American industry, will be found in developing manufacturing and agricultural enterprise in all the States, thus furnishing markets at home for the products of both interests; and

Resolved, further, That it is the sense of this meeting that in the coming revision of the tariff the present duties both on wool and woolen goods be maintained without reduction; and

Resolved, That we deplore the so-called "German tariff agreement," and demand its abrogation at the earliest possible date, and that we are irrevocably opposed to any change in the administrative customs laws that would encourage the undervaluation of imported merchandise.

Respectfully submitted.

GEORGE S. WALKER,
Secretary National Wool Growers' Association.

WOOLEN RAGS, MUNGO, AND FLOCKS.

CERTAIN NEW YORK IMPORTERS OF THESE PRODUCTS ASK REDUCTION OF DUTIES.

WASHINGTON, D. C., *December 2, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Section 363 of the present tariff law reads: "Woolen rags, mungo, and flocks, 10 cents per pound." This duty is, of course, prohibitory, and the Government is deriving no revenue whatever from same; therefore any arguments favoring the present duty on the basis of revenue must be eliminated.

As a matter of fact, woolen rags and new woolen clippings under this section are being exported from this country to both England and the Continent, and it would seem to be self-evident that if this country can produce woolen rags so cheaply that they can pay ocean freight and be sold in competition with foreign packings, no protection is necessary.

Business conditions during the past year have undoubtedly been unusual, and the domestic woolen mills have not been using their usual quota of this character of stock, owing to depressed conditions; consequently, prices of old woolen rags and new woolen clips have been lower than they would have been under normal conditions: but, on the other hand, England and the Continent have experienced during the past year a like depression, and prices have been unusually low there, as well as in this country.

Admitting, however, that under normal business conditions the tendency would be to import woolen rags and clippings rather than export them, there is no possible logical reason why an import duty of \$200 per net ton of 2,000 pounds should be imposed, as is the case under the existing law. It was the evident intention of the framers of the present law to make this duty prohibitive rather than protective or as a source of revenue, possibly on the ground that the "American workman was entitled to wear an honest suit of clothes," the assumption being that with the exclusion of ingredients which would tend to cheapen the manufactured article a higher grade of cloth would be made.

While such an outcome might be desirable, the means devised to accomplish this end produces an exactly opposite result. When the woolen business is active and there is a strong demand for woolen rags and clippings, prices advance rapidly. The domestic production, being limited, responds very quickly in price to the increased demand; and with no outside source from which to draw, the shoddy manufacturer, and through him the woolen manufacturer, is obliged to pay excessive prices for their raw material, and in order to keep the price of finished cloth down to a reasonable basis, woolen rags are adulterated by a mixture of shoddy made from cotton rags, varying with the exigencies of the situation, with the final result that the purchasers of low-priced garments get a poorer article than they would if the foreign woolen rags were permitted to come in and have a steadying influence on the domestic market.

We do not feel that a single logical defense can be made for the present tariff on woolen rags, either on the basis of revenue or protection: it neither produces revenue nor stimulates manufacture, while it certainly has the effect of increasing cost and cheapening the quality of garments in which woolen rags and clippings are used and always will be used in spite of prohibitive tariff.

We contend that a specific duty of one-fourth cent per pound, or \$5 per net ton, would furnish a substantial revenue to the Government, would cheapen the cost of the raw material to the woolen mills, and without curtailing their present profits would enable them to sell the finished product at less money than under the present law.

We further contend that the quality of woolen rags as packed abroad is better, as a whole, than the domestic collection, and that inasmuch as shoddy will always be used in the manufacture of woolen cloth that the shoddy produced from the foreign collection will be of a higher grade than is obtained from domestic sources and that it will tend to improve the quality of the finished article.

We further contend that the ability to import woolen rags and new clippings from abroad, under a reasonable duty, will steady the domestic market and enable the manufacturer of woolen cloth to sell his finished product at lower prices than he can at present without curtailing his profits.

We therefore respectfully urge that in place of paragraph 363 the following be substituted:

Woolen rags, new woolen-cloth clippings, mungo, and flocks, one-quarter cent per pound.

We also draw attention to paragraphs 358 and 359, according to which wools, class 3, worth 12 cents per pound or less, pay only 4

cents per pound duty, and costing over 12 cents only 7 cents per pound duty, whereas the average value of woolen rags is considerably lower.

Respectfully submitted.

SALOMON BROS. & Co.,
99 Nassau Street.
CASTLE, GOTTHEIL & OVERTON,
Times Building, Park Row.
ATTERBURY BROTHERS,
140 Nassau Street, New York.

WOOL HAT BODIES.

WILLIAM R. ELLIS, NEW YORK CITY, SUGGESTS DUTIES ON HATS IN CONE AND BLOCKED OR SHAPED.

NEW YORK CITY, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Hat bodies made of wool, composed wholly or in part of wool, the hair of the camel, goat, or other animals, in the cone or unfinished state, are used to manufacture into hats for women's wear and require to be shaped and finished in this country. The cost of this would be \$2 per dozen at the lowest estimate.

Under the present Dingley tariff bill they are not mentioned, consequently carry the highest rate of duty, or on a hat body weighing 4 ounces (3 pounds per dozen), the price of which in England is 8s. 5½d. per dozen, or in United States currency \$2.06, the specific duty is \$1.32 and the ad valorem \$1.23, or a total duty of \$2.55 on an article valued at \$2.06.

Have written to one of the largest manufacturers in England asking them, "What is the cost for labor to produce a dozen 4-ounce hats as sample; that is, what is your outlay in labor only to produce this hat body from the material in its natural state?" The reply by cable was 20 pence, or 40 cents in United States currency, as per inclosed cable. The cost of labor in this country on the same article is about 70 cents per dozen.

I fully expected to appear before your committee to answer any questions that might be asked, but was called home, and will state for your information that wool hats as an article of wear for men have become almost nothing, hats made from fur supplanting them.

Being used only for women's hats, are only salable two or three months in a year; and as the machinery for manufacturing these bodies is expensive and the demand limited, to put up a plant for this purpose alone would not be a profitable investment.

As stated, every dozen of these hat bodies imported would yield a revenue to the Government and give employment to American labor to the amount of \$2 per dozen.

I hope you will not consider it presumption on my part to suggest 40 per cent of duty on hats in the cone or unfinished state and 65 per cent if blocked, shaped, pressed, or trimmed.

Very respectfully,

WM. R. ELLIS.

EXHIBIT A.

[Cablegram.]

NOVEMBER 30, 1908.

21 Denton, Lanc 7. Wrellis, NY. Twenty pence for labor per dozen. (1103AMSU.)

WOOL AND WOOLENS.

FRED BUTTERFIELD & CO., NEW YORK CITY, ADVOCATE AD VALOREM DUTIES ON WOOL AND A MAXIMUM OF 45 PER CENT ON WOOLENS.

NEW YORK, *November 30, 1908.*

HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: Our excuse for sending this communication is, we are purchasing importers only; otherwise we feel we would have no right to be heard in this discussion or have a standing that would deserve your attention.

Regarding wool, we believe, and always have, that the duty on wool should be entirely ad valorem, as the value of any kind of wool can easily be determined accurately any day of the year. This basis of tariff would allow the American buyers at the London wool sales to buy the most productive wool and would not confine their purchases to the cleanest possible wool on account of our high specific duties.

If our statistical information is correct, the wool clip of Oregon for this year at the average price at which it was sold would have paid if imported, if worked out on an ad valorem basis, 83 per cent. This condition we believe was never dreamed of by Mr. Dingley. What the ad valorem duty should be we do not presume to name, as we are not dealers in wool, but only what wool produces. We should, however, except carpet wools, which we think should be free, as we do not grow or wish to grow this class of wool.

WORSTED AND WOOLEN GOODS.

"It takes 4 pounds of wool to make a pound of cloth."

The above is the first line of a petition of 190 woolen and worsted mills and 110 merchants of New York sent to Congress, dated January 20, 1888. On this basis of 4 pounds of wool to make 1 pound of cloth the compensatory duty of the McKinley tariff bill was based, and the same basis was used in the construction of the Dingley tariff bill.

We propose to show you that the statement made above is incorrect, and we are incorporating as below statement made to our Bradford house by reliable spinners and manufacturers of Bradford, England, in 1896. Below please find a full copy of their statements, which we believe to be correct:

BRADFORD, ENGLAND, *January 29, 1896.*

Messrs. FRED. BUTTERFIELD & Co.,

New York City.

GENTLEMEN: We inclose you statements from the very best spinners and manufacturers here, showing the quantity of greasy Australian merino wool, cost-

ing, respectively, 7½d. and 9d., required to make a pound of top, marked No. 1 in statement A.

Also the price that the top will cost based on these above-priced wools, marked No. 2 in statement A.

Also the prices of the yarn for warp and weft from above prices for wool, marked No. 3 in statement A.

Also the price of a yard weighing 16 ounces, made from above prices of wool, marked No. 4 in statement A.

Also the yield of top from 1 pound of Yorkshire luster wool, and the prices of the top, based on the price of 15½d. per pound, which is the ruling price to-day of Yorkshire luster wool, marked No. 5 in statement A.

Also the yield of top from 1 pound of mohair from the Cape of Good Hope and from Turkey and the prices of same based on price of cape mohair of 22½d. and on price of Turkish mohair 24d., which are the prices of to-day for each, marked No. 7 in statement A.

These statements show, whereas 2.56 pounds of greasy Australian merino wool are required to make 1 pound of top, that but 1.42 pounds of English luster wool and but 1½ pounds of mohair are required to make 1 pound of top, and hence the injustice of putting the same pound-weight duty on goods made of luster and mohair wool as on those made of greasy Australian wool to make a compensatory duty to equalize the duty on wool.

There should be a difference made in the compensatory duties on goods made from luster and English wool, which have cotton warps, from those made of Australian greasy wool, which have wool in warp and in weft.

Statement A attached hereto.

STATEMENT A.

BRADFORD, ENGLAND, *January, 1896.*

Messrs. FRED. BUTTERFIELD & Co.,

Bradford.

GENTLEMEN: In answer to your question we give you below the information desired and vouch for correctness of same:

1. It takes 2.56 pounds of greasy Australian wool, costing 7½d. per pound, to make 1 pound of top.

It takes 2.13 pounds of greasy Australian wool, costing 9d. per pound to make 1 pound of top.

2. Taking credit for the price of the noils, 1 pound of top made from either of the above qualities will cost 21d.

3. One pound of 2/32s yarn made from the above top will cost 2s. 2½d., and 1 pound of 1/16s. will cost 2s. 1d.

4. One yard of 16-ounce, 37 inches to the yard, clay twill coating made from the above yarn will cost 2s. 4½d. per yard grey, and 2s. 7d. per yard dyed.

5. Of Yorkshire or Lincoln wool, 1 pound will yield 70 per cent of top, and taking the wool at 15 3/4d. per pound, the top will cost 2s. 2½d. and 1 pound of yarn 1/32s from same will cost 2s. 5½d.

6. One pound of Cape mohair yields 80 per cent of top and 13 per cent of noil. Taking credit for the noil, 1 pound of top from Cape mohair at 22½d. per pound, costs 2s. 5½d. and 1 pound of yarn 1/32s from the same costs 3s. 2d.

7. Turkey mohair yields 80 per cent of top and 11 per cent of noil. Taking credit for the noil, 1 pound of top from Turkey mohair at 24d. per pound, will cost 2s. 8d. and 1 pound of yarn 1/32s will cost 3s. 4½d.

STATEMENT B.

BRADFORD, *February 10, 1896.*

Messrs. FRED. BUTTERFIELD & Co.,

Bradford.

Greasy Australian merino wool at about 7½d. per pound.

1. Two pounds 5 ounces will make 16 ounces of top and 5 ounces of noil.

2. Selling price of tops about 19 to 19½d., less 1½ per cent for cash; cost price, 18d. Selling price for noil, 12½d., less 1½ per cent for cash.

3. Combing price, 2½d. per pound.

4. Eighteen ounces of top required for 1 pound of yarn in oil.

5. 50s quality merino of tops used for 2/40 yarn.

Sixteen ounces of yarn are required to make a twill of 15-ounce weight, which will finish 16 ounces of 37 inches to the yard, regular finish.

Sixteen and one-half ounces of yarn are required to make a twill of 15½ ounces, weight which is required for soap scoured finish, 16 ounces, 36 inches to the yard.

STATEMENT C.

BRADFORD, ENGLAND, *February 10, 1896.*

Messrs. FRED. BUTTERFIELD & Co.,
Bradford.

Cross-bred wool.

1. One and one-half pounds of cross-bred wool are required to make 16 ounces of top and 1 ounce of noll.
 2. Cost price of tops, 15½d. per pound; cost price of nolls, 7½d. per pound.
 3. Combing price, 1½d. per pound.
 4. Eighteen ounces of tops required for 1 pound of yarn in oil.
 5. Good average cross-bred from 44 to 50s quality used for 2/40 yarn.
- Sixteen and one-half ounces of yarn are required to make 15½ ounces of twill in the gray, which will finish 16 ounces, 37 inches to the yard, regular, not soap-scoured finish.

Following, please find copy of a letter addressed by Messrs. A. & S. Henry & Co., Bradford, Yorkshire, England, to the writer, Mr. P. B. Worrall, which we believe to be entirely correct, as the above-named concern is in very close touch with the producers of worsted goods in Bradford, and the writer believes they are interested in several manufacturing concerns, so their information should be of value to you:

BRADFORD, ENGLAND, *November 14, 1908.*

P. B. WORRALL, ESQ.,
Messrs. Fred. Butterfield & Co.,
New York.

DEAR SIR: With reference to your favor of the 19th of October, realteration in duties, we are sending you by this post half-yard patterns of the following three qualities, which were formerly used extensively for the United States trade:

No. 1. We are sending you samples of 16 and 12 ounce weights. This cloth is similar to the low cloth you mention, though to-day the price is considerably higher. In this grade of stuff we can make 1 pound of undyed cloth from 1½ pounds of raw, greasy wool.

No. 2 is rather a finer grade, and would require 2 pounds of greasy wool to make 1 pound of undyed cloth.

No. 3 is a botany quality, and requires 2½ pounds of greasy wool to make 1 pound of undyed cloth.

With reference to the goods in the dyed state, there may be a certain proportion of weight added in the process of dyeing; but this is counterbalanced by the loss in scouring, and we therefore do not calculate upon any increase in bulk weight from the gray to the dyed goods; in fact, on the finest grade of stuff we should probably lose about 2 pounds per piece.

We have gone very carefully into these estimates and may say we consider they are generous allowances, the calculations being based on good average wools as bought at the London sales during the present year.

This information has been given to us by Messrs. Merrall & Son and is corroborated by the opinion and experience of various other manufacturers, and we think you can quite reckon on it being correct.

Yours, truly,

A. & S. HENRY & Co. (LIMITED).

We are sending you as well, by express, the samples they write about in their letter.

Again referring to the statements made by the spinners and manufacturers to our house in Bradford, we beg to advise you that we

a short while ago sent these calculations to Sir Swire Smith, who is, we believe, one of the best authorities in England on matters of this kind, and in a letter from him under date of October 24 he makes the following statement:

I have got confirmations of your calculations as to the percentage of top and noil in 100 pounds of wool from representative firms, and I have submitted your calculations as to the quantity of wool in a pound of cloth to some of the largest makers. I hope soon to have reports from these, and I will forward them without delay. I am sending you these few lines to assure you that the matter is in hand.

The confirmations have not yet reached me, as Sir Swire Smith evidently did not suppose they would be required as soon as they are, but whatever he may have to say about the matter I will forward to you on receipt.

All of the above will show you there was concealed in what is known as a compensatory duty a large protection, and one need not wonder when the Wilson bill was framed that, although the rate ad valorem or protective duty on all decent goods was practically the same as it had been under the McKinley tariff bill, there was a great howl from the manufacturers, who called it a free-trade tariff, but they neglected to tell the cause of their trouble, which was, of course, nothing more nor less than the large concealed protection on the "4 pounds of wool to make a pound of cloth."

We would very strongly recommend to you that in the formation of the new tariff bill there should be no rates of ad valorem duty of over 35 per cent. Any further protection that would be absolutely needed to even up the cost of protection between here and abroad should be on a specific basis. This plan we believe would result in a large diminution of undervalued goods.

It may surprise you, but it is nevertheless a fact, that the Dingley tariff bill has largely obliterated purchasing importers, and by far the largest portions of textile fabrics that come from continental Europe are consigned, and the appraisers of textile fabrics know how difficult it is to adjudge the value for dutiable purposes of these consignments.

As you must know, under the operation of the Dingley tariff bill the importation of worsted goods, from the consulate of Bradford, has fallen off to almost nothing, and what proportion of those that do come are consigned we have no means of knowing, but we think it is small.

We append for your information, taken from the Bradford consulate reports, the amount of worsted goods for men's wear that have been received in this country from Bradford, as follows:

	£	s.	d.
March -----	3,643	5	0
April -----	2,923	16	8
May -----	4,859	19	0
June -----	3,565	4	9
July -----	5,052	12	9
August -----	3,818	14	6
September -----	4,316	15	2
October -----	8,382	3	9

These amounts will doubtless seem absurdly small to you; and as this part of Schedule K, including as it does this class of stuff, might

almost as well be placed in the obscene literature class, there would be no discussion or any trouble about the matter whatever.

We beg also to call your attention to the very extremely high rates of duty on goods made of cotton warp and wool, or worsted weft, and we hand you herewith a sample of goods which we have recently had made in this country, marked "No. 10," and which cost us 32½ cents net landed on our pavement.

After this contract with the American manufacturer had been concluded we sent the samples abroad to find out the best prices we could get from the best makers of this class of goods in the world, who are, as you know, located in and about Bradford, Yorkshire, England. From two makers we received the price of 10d.; from the third, 10½d. At 10d. these goods would cost us net, landed on our pavement, 42.95 cents; at 10½d. they would cost 45.12 cents. The duty on these goods, as you well know, is 7 cents a square yard and 50 per cent ad valorem. As a matter of fact, if this duty were cut in two the goods would still cost more than we pay for the American-made goods.

Formerly we were importers of English worsted goods, but for several years have not purchased any on account of the high rates, except one case, which was ordered last year by one of our western friends. It was a corkscrew worsted, weighing about 17 ounces, costing 3s. 10d. per yard in Bradford, which is about equal in our money to 92 cents, and the discount allowed was 2½ per cent, which brought the Bradford cost down to a little less than 90 cents. For these goods we had to charge our customer \$2.31½ in order to get a living commission out of the transaction.

There are not many people in the entire country who have any idea what enormous amount of taxation they have to pay indirectly through the operation of the Dingley tariff bill, and even many Congressmen would be astonished if they knew the duty on this class of stuff was frequently much in excess of 100 per cent.

One of the greatest troubles of the Dingley tariff bill, according to our idea, is that the wage-earning population of the country (we mean by this men who are getting from \$15 to \$20 a week) can not well afford to buy a suit of clothes costing over \$15, and they have to wear the meanest truck of any civilized people in the world. This may seem an extreme statement to you, but we believe it to be entirely correct; and if you will take the trouble to inquire of the large manufacturers of moderate-priced clothing, they will tell you that the goods which they have to use are very largely composed of shoddy, and in many cases there is only an apology of wool contained in the fabric. We also believe in our northern climate in this country that all-wool fabrics are a hygienic necessity.

We beg further to repeat to you a written statement made by a representative American manufacturer of fine goods to the writer in reference to the amount of Australian wool required to make a pound of cloth. He says:

In this general connection we might say 16 ounces of fine broadcloth require about 23½ ounces of clean 70s. Australian wool, usual Sydney shrinking 52 to 56 per cent. Taking 55 per cent average shrinking, to yield 23½ ounces clean wool requires 52 ounces grease wool. Add 5 per cent for excess weight, 55 ounces—3½ pounds—are required for 1 pound of fine broadcloth.

You will see by this we give you the statement made by people on both sides of the ocean, as we want to be perfectly fair with you in this matter.

Trusting this letter may be of some interest to you, we beg to remain,

Yours, respectfully,

FRED. BUTTERFIELD & Co.

C. H. HARDING, OF PHILADELPHIA, PA., THINKS AD VALOREM WOOL DUTIES INADVISABLE.

PHILADELPHIA, *December 9, 1908.*

HON. JOHN DALZELL,
Washington, D. C.

DEAR SIR: Believing that your committee welcomes all information founded on facts of personal knowledge and experience, I venture to furnish you a copy of the pertinent parts of my letter of 1897, with some things with which I am familiar:

MARCH 16, 1897.

Let me commend the work of the committee as we now see it published, as it relates to the woolen schedule, in the adoption of specific duties and the arrangement of the duties on "yarns of wool." While I still think the rates and form we offered first are better, it is a great step in advance to get away from the old ad valorem form. * * * But allow me to call your attention to one or two things: 1. The bill as appearing in the newspapers this morning leaves "roving and roping" in the paragraph with tops, while the evident intention is to put them with yarns, where they belong, as they are in a stage of manufacture beyond the condition known as "tops."

2. The duty proposed on tops and on noils is higher than is necessary; we are makers of both, and so the higher duties may seem to be to our advantage; but they are not, and I would sooner see the arrangement originally suggested—that is, "tops of the value of 24 cents or less at the compensatory duty with 6 cents per pound additional, and tops of the value of more than 24 cents per pound at the compensatory duty with 8 cents per pound additional." This covers the extra cost of making in this country, and that is enough. If the duty on noils is placed at 20 cents (or 60 per cent of the duty on scoured wool of the first class) it will correspond as nearly as may be with the difference in value in our own and foreign markets between fine noils and fine scoured wools. More than this is of little or no use to the woolgrower and may oppress the makers of "woolen" yarns and goods, as distinguished from "worsted" yarns and goods.

3. The duty on "top waste, etc.," ought not to be less than the duty on the scoured wool. * * *

C. H. HARDING.

AD VALOREM DUTIES ON WOOL.

The apparent fairness of this proposition is like that of all proposals advocating this form of duty; but the fairness of its possible application vanishes when we look at the conditions that may arise.

Its advocates state that there is no difficulty in arriving at the prices paid for wools sold abroad at auction. But English wools, Irish wools, South American wools, and many others, as a rule, are not sold at auction and are thus outside this statement. It then remains to consider the wools sold at London and Australia by auction. Herewith you find specimen pages from a catalogue of one day's offering in London, the whole catalogue including from 10,000 to

15,000 bales, as the case may be. He will be a wonderful man who can exactly determine, as a rule, how to apply to an invoice of wool arriving at an American port the varying prices that lots marked (1)(1)(1), (2)(2), (3)(3)(3), or others may bring; and if fraud is attempted, what constraint will bring the invoices to the ports of New York, or Philadelphia, or Boston, where the needed expert mercantile appraiser and the information and the merchants with experience are likely to be found? Having been the buyer in London for our firm for twenty-five years and having in ten of those years spent a month or more of each year at the wool auctions, I am convinced that few enterprises would offer better profits or be safer from trouble at the hands of our laws than sending to this country foreign wools undervalued. The honest importers and manufacturers who now bring in these honestly, under the specific duty, would probably find their business vanish. We are nearly, if not quite, as large importers of fine Australian warp wools as are in this country, and know that there are mercantile reasons quite apart from the "duty" that hinder the importation of the very heavy wools from Adelaide, South Australia, West Australia, Buenos Ayres, South Africa, and like centers of production of such wools. If they ever could have been largely and profitably brought here, it might have been done during the time when wool was "free;" that it was not done to any appreciable extent is certain, except possibly at the port of Marcellus, N. Y. It may be interesting to know how much went there at that most favorable time for such business.

THE COMPENSATING DUTY.

By what mental process this is so constantly represented as "44 cents" is not easy to see, when the yarn paragraph (365) mentions only "two and one-half times" and "three and one-half times" the 11-cent duty on wool—respectively 27½ and 38½ cents; and paragraph 367 specifies in the same way 22 and 33 cents as the compensating duties for articles not valued at over 50 cents; and paragraph 366 names 33 cents as the compensating duty on the cheaper class of goods (mainly from coarser wools) valued at not over 40 cents per pound. Thus in every way is the effort made to have this compensating duty of "44 cents per pound" fall only on the fine goods from fine wools, where only it belongs, as the makers of fine goods have always claimed it is vital.

THE FAMOUS CATALINA BREED OF SHEEP.

From a stay of some weeks on Catalina Island, about shearing time, I am of the opinion that the story originated in the mind of some one of the fishermen for which that island is so famous, when he was plying his collateral trade of story-telling.

With regret at the necessary length of this communication, I am
Yours, respectfully,

C. H. HARDING,
Treasurer The Erben-Harding Company.

HON. J. B. PERKINS, M. C., SUBMITS COMMUNICATION OF MAX LOWENTHAL, OF ROCHESTER, N. Y.ROCHESTER, N. Y., *November 27, 1908.*Hon. S. E. PAYNE,
Washington, D. C.

MY DEAR MR. PAYNE: The Rochester Knitting Works is a large manufactory here in the city. Mr. Max Lowenthal is the president and chief stockholder. He is also a very intelligent man.

He sent me a statement in reference to the tax on wool, a copy of which I forward to you. It seems to me it is deserving of careful attention. I should be glad to talk with you about it sometime.

Yours, very truly,

J. B. PERKINS.

ST. PAUL, MINN., *November 22, 1908.*Hon. JAMES BRECK PERKINS,
Rochester, N. Y.

MY DEAR MR. PERKINS: Before asking your attention to certain statements anent the proposed revision of the tariff, the wool and woolen schedules particularly, let me say that I think your constituency should be congratulated on the fact that you are again to be their Representative in Congress, being convinced that your efforts will be exerted to serve the best interests of all classes of the community.

As to statements below and the deductions based on them, I must preface them by saying that, writing as I do, away from my books. I must trust solely to memory, but I am familiar with the subject from observation and experience and my years as a manufacturer of woolen goods, now nearing thirty-six, it would seem not presumptuous to state, entitle me to speak with some authority on a subject intimately connected with that industry.

Now, then, at the outset I make bold to say that both the McKinley and Dingley tariffs, by their schedules affecting wool and woolen products, instead of the benefits intended by them, have worked injury alike to woolgrower and manufacturer of woollens, but most of all to the great consuming public, the people of the United States. Such failure of the results of laws to meet expectations is not altogether exceptional; I recall in Bagehot's treatise on England's currency legislation for India the statement "Not only did the results anticipated from this legislation not take place, but the very opposite took place." (Words from memory.) There can be no question that the framers of the wool schedules meant to promote the growth of wool in this country in quantity and quality sufficient to meet the needs of its inhabitants, or approximately so. The statistics of the census taken since the enactment of the tariffs in question show that the number of sheep in proportion to the population has actually decreased and that there is to-day less domestic wool raised in our country, per man, woman, and child in it, than before the passage of these laws. We still depend upon foreign countries to supply a large share of our needs of the staple, and with the growth of our population and the diminishing area of land available for free pas-

turage, the deficiency in our home clip must become increasingly greater. If it can not be proven that the American farmer has been stimulated by the tariff tax on wool to supply his fellow-citizens with a sufficiency thereof, still less can it be shown that he had been induced to so improve his methods in handling the clip that wool was carried to market in the best possible condition, as are, for instance, many Australian and Cape clips, whose recognized brands command an added price in the world's competitive market. On the contrary, it is charged by his customers, the buyers and spinners, that to a considerable extent deterioration has set in, wool being sent to market in the crudest condition; that dirt, dung balls, stones, rope, have to be accepted and paid for as wool, which unavoidably increases the cost of woollen products to the last buyer, the consumer. The sole value of the staple is the fiber freed from impurities, whereas our existing laws make the user pay freight for dirt from the confines of our own country and from the ends of the earth, too. If a tariff tax on raw material like wool is to be laid at all, a wise discrimination should manifestly adjust schedules to favor the marketing of clean, usable wool, making it unprofitable to force rubbish on the buyer.

I have stated that the manufacturers of woollen goods have been injured by the McKinley and Dingley tariffs. That does not mean that they have had no prosperous years since their enactment. The wants of the country and the enterprise and ability of our manufacturers are so great that difficulties have been overcome and a measure of success wrested from adverse conditions. But more than most industries, that of textiles has been subject to violent, oft-recurring fluctuations, from activity to depression, owing to the instability in the prices of its raw material, its inability to supply the season's deficiency in the home clip by a free selection from the supply of other regions. Time after time the trade reports have stated that the textile branch is the weak spot in the market when other industries were flourishing. At frequent intervals the domestic staple has advanced largely beyond an average price, placing the wool manufacturer before the alternative of raising his prices proportionately, or by continuing to sell at former prices, to lose his margin of profit. To do the former inevitably cuts down his sales; the latter he dare not adopt. Is it any wonder, then, that he took neither course—speaking by and large—but resorted to the only means left him, which enabled him to maintain the volume of his sales, his scale of prices, and assured him a reward for his capital and labor, namely, he deteriorated his product. The use of shoddy and the admixture of cotton with wool in goods formerly all wool has increased enormously, not from choice, but from the necessities enforced by the situation. As a result the vast majority of our population now wears less of wool in clothes, underwear, and hosiery than before the enactment of these schedules. On this head I am on ground familiar to me, and know that the facts will bear me out. Your constituents among Rochester clothiers can tell how much more wool went into a cheap and medium-priced suit of clothes, twenty, thirty years ago, than of late years. I recall the fact that not more than four or five years back one of them said to me, before going on a selling trip, that he was actually ashamed to meet his customers, as he was compelled to show such poor values. It may have been about the same time that cloth was

put on the market with but 10 per cent of wool in it—with what amount of warmth to the wearer you can imagine.

As to underwear and hosiery, the branches of the textile industry I am most familiar with, the operation of the tariff has been to reduce our population largely to the wearing of cotton, the staple of least money value and lowest degree of comfort for winter use. Before the last two tariffs enacted under Republican auspices, the use of cotton underwear was hardly known in our country; since then the production of the same has become very great; one authority fixes it at \$75,000,000 annually. This output replaces the warm and substantial wool fabrics which were formerly in use, and though cheap in their money cost these cotton garments have but a minimum of intrinsic value, and are of little profit to maker, dealer, or user. As they need replacing often their low first cost is delusive, as is their appearance of solidity and warmth, due to a process called "fleeceing," which does not stand wear and washing. The opinion has been expressed that the wearing of these "fleeceed" garments is one of the causes of the spread of consumption among our people. Wool absorbs moisture and passes it off by evaporation, whereas thickly fleeceed cotton becomes clammy when wet and allows moisture to dry on the body of the wearer, to his discomfort and injury. Every careful and intelligent mother means to clothe her infant's body in fleecy wool in cold weather; the artificially fleeceed cotton garment deceives her into the belief that she is doing so. Nature surely is our safe guide as to the covering proper to warm-blooded creatures; if cotton were the material best suited to them, sheep would have evolved a coat of that texture. Following nature's example, our winters should find the inhabitants of the colder sections of our country comfortably clad in woollen underwear, but man-made law has so interfered with nature's law that in late years the poorer material has largely displaced the more suitable one.

Woollen hosiery, a staple article in common use forty years ago, the American man, woman, and child has about learned to dispense with. The high cost of wool brought such a cheapening of process that the wearing qualities of the stocking was sacrificed. Woollen yarn, to be strong, needs to be twisted of two or more strands. When the hosiery maker, to keep his product within the buying power of his trade, began to knit singl-ply yarn, the wear was lost. Experience with wool stockings that dropped into holes before the first washing made cotton users of economical people, so that now woollen hosiery, except in its coarse grades and for infants, is a negligible quantity in the United States.

Bismarck, among his other achievements, is credited with having transformed the poor agricultural Germany that he found into the wealthy industrial state which he left. This remarkable result was due to tariff legislation which, while favoring the native manufacturer in his home market, wisely provided the free entry of raw materials needed by him. With us a violent stretching of the protective doctrine assumes to say that there are no raw materials, but that all things produced by nature, on earth or in water alike, need the shelter of a tariff wall to protect them against nature's products under foreign flags. When I first revisited Germany it was in company of a wise old man, the father of your former partner, Mr. Moses Hays. After some experience in German cities and with German

prices he made the shrewd remark: "What nature produces is dear over here; what man makes is cheap."

In that remark, I take it, lies the kernel and only justification of our protective system; protection needed against the underpaid man, not against nature. The American farmer receives fostering care at the hands of our National Government in a variety of ways that are legitimate and highly beneficial. The introduction of plants and processes new to our soil, irrigation, forest reservation, plans for drainage of swamp lands, for improvement of waterways, agricultural schools and experiment stations—all these activities redound directly to the benefit of our agricultural population, and are in line with the most enlightened conceptions of the functions of government. Such care the American farmer may justly claim as his due, but he needs no money protection at the expense of the purse, the comfort, and health of his fellow-countrymen by a tariff tax on wool of the unreasonable size of the existing one. If for the sake of consistency and with an eye to the farmer vote such is to continue in a future bill, it ought to be brought down to the basis on which we constantly claim to put our schedules, namely, the difference in the labor cost of producing the article in the United States and a similar one elsewhere.

What is the labor cost in producing a pound of wool? Is it the rate in our present laws, equaling or on some grades exceeding the first cost of the wool itself, or is it a fraction of a cent per pound? The answer that must be given to this question on any fair examination ought to fix the rate in wool schedules, if Congressmen can not bring themselves to acknowledge the wisdom of the position that a manufacturing nation ought to have its raw materials free, in order to be able to compete in the world's markets.

If there is to be any tariff tax levied on wool when entering our ports, then it should be simply the difference in the cost of raising it here and abroad—not a fraction more.

MAX LOWENTHAL.

Rochester Knitting Works, Rochester, N. Y.

WOOLEN GOODS.

CINCINNATI CLOTHIERS' ASSOCIATION CORROBORATES STATEMENT MADE BY MAX SILBERBERG IN LETTER TO HON. NICHOLAS LONGWORTH, M. C.

CINCINNATI, OHIO, *December 9, 1908.*

HON. NICHOLAS LONGWORTH,

Ways and Means Committee, Washington, D. C.

HONORED SIR: At a meeting of the Cincinnati Clothiers' Association held on the 8th day of December, 1908, Max Silberberg presented and read copy of a letter which under date of November 30, 1908, he had addressed to the Hon. Nicholas Longworth, Congressman from the First Ohio District, member of the Ways and Means Committee, on the subject of the tariff as it affects fabrics entering into the

manufacture of clothing, and the attention of the association was called by Mr. Silberberg to the fact that Mr. Longworth had referred, in the course of an examination of Mr. William Whitman, president of the National Association of Wool Manufacturers (who appeared before the Ways and Means Committee to testify), to the letter addressed to him by Mr. Silberberg and asked Mr. Whitman to comment thereon, and especially to a statement made in said letter that "Never before in the history of the country had woollens from the mills been so rank and costly to the clothing manufacturers as now." To which Mr. Whitman replied: "It isn't true."

The Cincinnati Clothiers' Association, composed of substantially all the clothing manufacturers of Cincinnati, Ohio, wishes to corroborate each and every statement contained in the letter addressed by Mr. Max Silberberg to the Hon. Nicholas Longworth, dated November 30, 1908, and desires in this way to make each and every statement contained in said letter the statement of this association, and the president and secretary of this association are authorized and directed to certify this action and forward the same to the Hon. Nicholas Longworth for presentation to the Ways and Means Committee of the Congress of the United States.

We, the undersigned, president and secretary of the Cincinnati Clothiers' Association, hereby certify that the foregoing action was taken and adopted by said association at a meeting thereof held on the 8th day of December, 1908.

CHARLES SHOHL, *President.*
ENOCH L. STRICKER, *Secretary.*

WOOLEN KNIT UNDERWEAR.

WASHINGTON, D. C., *December 1, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.:

Schedule K, manufactures of wool: Speaking generally, we think there should be no material change in Schedule K (wool and manufactures of wool), and that the woolen knit underwear should remain in the wool-clothing schedule as at present.

In the revisions of the past there have been many thorough and careful investigations concerning the interests of the woolgrower and the manufacturer, and Schedule K of the Dingley tariff was the natural result of the information and experience gained during many years.

We think that paragraph 370, in which we are particularly interested, and in which knit underwear, etc., made wholly or in part of wool, is included, should remain substantially as at present, and that the figures therein mentioned should be considered the minimum rate.

Respectfully submitted.

AMERICAN HOSIERY COMPANY,
EDWARD H. DAVISON, *President.*
GEORGE S. TALCOTT, *Treasurer.*

WOOLS ON THE SKIN.

WINSLOW BROS. & SMITH CO., BOSTON, MASS., ASK AN INCREASE
IN THE DIFFERENTIAL.BOSTON, MASS., *December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

DEAR SIR: In 1897, when the tariff was under discussion, we submitted to the Finance Committee of the Senate the following letter, bearing on the question of wool imported on the skin:

BOSTON, MASS., *March 29, 1897.*FINANCE COMMITTEE,
United States Senate.

GENTLEMEN: The proposed tariff bill as now presented contains the same provisions relative to the duties to be imposed upon wools on the skin as the act of 1890, which says that "wools on the skin shall pay the same rate as other wools, the quantity and value to be ascertained under such rules as the Secretary of the Treasury may prescribe." In placing the same rate of duty upon them the law does not take into account the differences between wools on the skin and other wools, and while it apparently treats both kinds of wool alike, it, in fact, discriminates against wools on the skin.

First. Because wools on the skin are uniformly heavier in shrinkage than sheared wools of the same kind.

Second. Because all other wools when imported are in condition for the market, while wools on the skin are not in condition for the market, but require the manufacturing process known as "wool pulling" before they are fit for sale.

Under the law of 1890 there was an attempt made by the Treasury officials to make allowances for the differences before mentioned. The result was a different administration of the law in different parts of the country, and there were irregularities which worked injustice both to the Government and importer, and finally by a strict interpretation of the law the importation of skins with the wool on was practically prohibited.

We ask that in the proposed bill that the differences between wools on the skin and other wools be recognized, and some just differential made that will prevent the discrimination and irregularities of the law of 1890. It seems to be an accepted fact that for some time to come a certain amount of wool will have to be imported, and we submit that if wool is to be imported at all, that as far as possible it shall be brought in on the skins, thereby employing labor and adding to our established industries. If but one-half of the wools imported yearly for clothing purposes under the McKinley bill had been brought in on the skin, it would have meant an additional expenditure here of fully half a million dollars for labor alone in preparing the wool for sale, this being exclusive of any charges for selling, scouring, or carbonizing.

To prevent discrimination against wools on the skin, there should be a lower rate of duty on such wools as compared with sheared wools of the same kind, and we believe that it is possible to fix with reasonable exactness what the difference should be. This should apply to such wools as pay specific rates of duty.

First. Determine the difference in general condition between wools on the skin and other sheared wools and make due allowance.

Second. Determine the cost of pulling and make due allowance.

In the first instance wools on the skin will average to shrink at least 10 per cent more than sheared wool of the same kind.

Some reasons for this difference are: When sheep are sheared, a certain amount of shrinkage is lost or left behind.

Sheep when killed are usually more dirty than when sheared, accumulating dirt in driving to market or standing in slaughter pens; while in shearing care is taken that the fleece be as clean and light as is possible.

The average shrinkage of wools usually imported is from 48 to 55 per cent. The average shrinkage of wools on the skin coming from the same districts is from 65 to 72 per cent.

Sheep being killed at all months of the year, the wools will vary in length and average much shorter than ordinary fleece wools. It is well known that short wools shrink more than full-grown wools of the same district.

An allowance of at least a cent a pound in the rate of duty imposed should be made on account of these differences in shrinkage.

In the second instance: The cost of pulling wool and placing it in condition for sale is between $1\frac{1}{2}$ and 2 cents per pound on the dutiable weight of the wool. These figures can be verified from actual manufacturing accounts. Putting these two points of difference together, we find that in order to allow wools on the skin to be imported on as favorable terms as other wools there should be an allowance made from the rate of duty imposed on other wools of from $2\frac{1}{2}$ to 3 cents per pound.

An important consideration bearing on this subject is a large proportion of the skins themselves, after the wool has been pulled abroad, are imported free of duty into this country after being worked out and put in pickle there. This forms quite an important industry. If these skins were imported with the wool on, this country would have the additional benefit of the labor involved in this work in addition to that of the pulling.

The supply of foreign wool skins is amply sufficient to furnish a considerable part of whatever foreign wool we shall need, and the wools themselves when pulled are well adapted to the needs of our manufacturers.

In one city in France—Mazamet—there were pulled last year, according to their trade reports, 86,000,000 pounds of wool skins, and nearly one-half of the wool produced was shipped, mostly scoured, to the United States. The rate of wages paid in this place is from 25 to 30 cents per day, according to our money. Mostly women are employed. Almost the entire expense of the wool-pulling business being for labor, it is due to the low-priced labor abroad that this industry has been unable to grow in this country under the existing law, which allows wool skins to come in free of duty the same as wool.

In conclusion, we do not ask for any such rates of duty as will lessen the protection due to the woolgrowing interest of this country, but do ask that the duties imposed on wools on the skin shall at least be such as will allow them to be imported as favorably as other wools, and submit that according to the fundamental principles of protection the conditions should be more favorable.

Respectfully submitted.

GEORGE F. WILLETT

(Of Winslow Brothers, Norwood, Mass.).

The principle set forth was approved by that committee, but they feared that the full amount of differential asked for might be too great and work an injustice to other interests. At first it was set at 2 cents, but in the final bill as passed this was further cut down to 1 cent per pound.

Eleven years of experience has proved that this differential is too small, and it has been impossible to consistently import wool on the skin. We believe that it can be shown that it is desirable that wool on the skin should be imported and that it can be without injury to any existing interest.

In the first place, a large percentage of our wool supply must come from other countries.

The table given below shows that our domestic supply has not increased in twenty years, part of which time we have had free wool, part protected wool. This is because grazing lands are getting more and more restricted, and even with the high prices for wool and meats, the land brings more return from cultivation than from grazing. It also shows that from 25 per cent to 40 per cent of our supplies are imported, tariff or no tariff, because we must have the wool. It is notable that the proportion has increased in recent years, except for the past year of depression, and if our own clip is to stand still or

decline, it must increase further with the increase in population. (It should be remarked that the importations in 1897 were abnormal in anticipation of the tariff.) It is clear that we must import each year upward of 200,000,000 pounds.

Table of wool supplies.

Year.	Imported.	Domestic clip.
1890.....	105,431,285	295,779,479
1891.....	129,303,648	309,474,855
1892.....	143,070,652	307,101,507
1893.....	172,433,838	333,018,405
1894.....	55,152,585	348,538,138
1895.....	206,033,906	325,210,712
1896.....	230,911,473	294,293,726
1897.....	350,852,026	272,474,708
1898.....	132,705,302	259,154,251
1899.....	76,736,209	256,720,984
1900.....	155,918,455	272,191,830
1901.....	103,581,505	288,636,621
1902.....	166,576,936	302,502,382
1903.....	177,137,796	316,341,032
1904.....	173,712,834	287,150,000
1905.....	249,135,746	291,783,032
1906.....	201,638,668	295,488,438
1907.....	203,817,545	298,715,130
1908.....	125,980,524	298,204,750

(The foregoing figures are copied from report of the National Association of Wool Manufacturers, dated September 15, 1908, for year ending June 30.)

Sheepskins also must be imported in immense quantity, and while figures are not so readily obtainable as in the case of wool, our experience as the largest tanners of sheepskins in this country leads us to say that the proportion would be as great. These sheepskins have had the wool removed or "pulled" in other countries by cheap labor, largely by women. The wool taken from them, except a small amount pulled without sorting, is kept out of the country by the tariff provision that sorted wool must pay double duty.

The supply of domestic wool skins is limited, and since the present tariff law was passed has become more and more concentrated in a few hands, so that the smaller pullers are dependent on what odd lots can be picked up from independent butchers scattered through the country, dried skins from sheep that have died on the ranches, and the foreign market. The first two sources are so limited and unreliable as to make it apparently only a question of a short time when the independent pullers, if confined to these, must go out of business. The only other resource is in foreign skins, which can be imported and pulled here if wool on the skin be placed under a fair relative basis of duty as compared with other foreign wools. We have ourselves tried a number of times importing wool skins, and in only a very few instances have we got out without actual loss. In some of these cases we have profited by abnormal market conditions, in others by errors in our favor on the part of the examiner who estimates the proportion of wool per skin. Such errors of late have been so few, we may add, that we have not attempted to import. We think any puller who has had experience with importing skins will say that it is impossible, under normal conditions, to import wool skins under the present tariff law.

Granted, then, that these skins can not now be imported, that some 200,000,000 pounds of foreign wool must be imported, and a comparable quantity of sheepskins from which wool has been pulled, it would seem desirable that at least a part of the skins should come in with wool on and be pulled in this country, keeping alive an industry that appears to have little future under present conditions, and giving employment to domestic labor, unless a corresponding injury would be worked to some other interest. That such injury is impossible is clearly shown by the foregoing facts. If 200,000,000 pounds of wool are to be imported each year, it makes no difference to any American interest other than pullers whether it is all shorn or part shorn and part pulled in this country. (Exception must be noted that for some purposes manufacturers prefer shorn wools, but on the other hand, for some purposes they prefer pulled wool, and the law of supply and demand would regulate the proportion imported.) Similarly, if hundreds of thousands of dozens of sheepskins are to be imported, no American industry is to suffer if they come in with the wool on.

It remains, then, to show what differential would place wool on the skin on a parity with shorn wool as regards duty. Our letter of March, 1897, shows the relative condition of wool, but in further explanation of this it may be well to note that the difference is largely due to the dirt which is accumulated in wool on the skin in the slaughter pens and in passing through different markets before it is finally imported into this country. As the duty is levied not on the actual amount of clean wool, but upon the wool in the condition in which it is imported, that is, on the total weight of the wool and the dirt, it is of course clear that the importer of wool on the skin is bearing the burden of what is in reality a duty on the dirt. As previously stated, this additional accumulation of foreign matter in wool on the skin averages about 10 per cent. Let us take for example a shorn Australian wool, which would shrink in the neighborhood of 50 per cent—for each cent of cost of grease wool we will have 2 cents of cost in the scoured wool. Therefore, the duty of 11 cents on these wools results in an addition of 22 cents per scoured pound to the original cost. Now, let us take this same class of wool imported on the skin, the shrinkage of which as shown above would be increased 10 per cent, or would be 60 per cent, and, deducting the 1 cent per pound differential, we have a duty of 10 cents per pound. But with a shrinkage of 60 per cent this duty of 10 cents resolves itself into a charge of 25 cents per scoured pound instead of 22 cents on the shorn wool. If, however, we should reduce the duty on wool on the skin by 2.2 cents, to 8.8 cents, we would, with our shrinkage of 60 per cent, have the same duty burden on the scoured pound as in the case of the shorn wool, 22 cents.

This is simply taking into consideration the condition of the wool, but it is our opinion that if the differential were placed at 3 cents it would scarcely cover the difference in condition, and the greater cost of labor as compared with other countries, and probably 4 cents would not be too high. Perhaps, however, the conservative course would be to try the 3-cent rate, and see how it would work out in actual practice.

Respectfully submitted.

WINSLOW BROS. & SMITH CO.
EDMUND H. SEARS, *Treasurer*.

STONE, TIMLOW & CO., BOSTON, MASS., ARE OPPOSED TO INCREASED DIFFERENTIAL ON WOOLS ON THE SKIN.

BOSTON, *December 7, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We do not favor any reduction in wool duties or any increase in differential on wool on the skin. An increase in differential on the wool skins would, in our judgment, result in great demoralization of all the other duties in the wool schedules and be of no benefit whatever to the consumer, but a very great benefit to about one-half dozen wool pullers. The wools so imported would be of all grades from the finest "geelong" to the coarsest carpet, and the larger the differential the larger the number of skins that would be imported annually, there being millions of them to be brought over and pulled, which would be handled by about half a dozen large wool pullers over here, who would alone reap the profit of the differential, if it is increased to more than the present 1 cent per pound—which is fair and reasonable. This large volume of wool would unquestionably be sold here on a parity with the same classes and grades of wool that paid full duties, so that the consumer would not benefit by any increase in the differential.

We also beg to point out that the wool trade and woollen industry has never been as prosperous before as it is now under the existing tariff, and clothing, as well as carpets and rugs of all kinds, are absolutely cheaper over here and better than they are abroad. It takes from eight to ten years for the wool trade to adjust itself to any changes in the tariff on wools, and in our opinion it would be wrong and injurious to the business to make any change at present. Should you desire any further information, we shall be glad to furnish it, having been in this business for many years and importing large quantities of wool skins annually. Thanking you in advance for your kind attention, we are,

Yours, very truly,

STONE, TIMLOW & CO. (INCORPORATED),
ALBERT H. STONE, *President.*

THE P. MCGRAW WOOL COMPANY, ALLEGHENY, PA., ASKS FOR A DIFFERENTIAL OF 4 OR 5 CENTS FOR WOOLS ON THE SKIN.

ALLEGHENY, PA., *November 10, 1908.*

Hon. JOHN DALZELL,
Washington, D. C.

DEAR SIR: We understand that the tariff schedule is to be discussed by the Ways and Means Committee, and if such is the case, and that they are likely to consider wools, we would appreciate it very much if you could arrange to give us a hearing.

We are wool pullers and import a large quantity of foreign sheepskins. Under the present tariff law there is a differential of 1 cent per pound in favor of wool imported on the skin. As the average amount of wool on sheepskins covering the whole year is about

pounds, this means that the puller in this country is allowed 3 cents per skin to offset the difference in cost of pulling between this and foreign countries.

It costs from 15 to 20 cents per skin, or an average of 17½ cents, to cover all expenses connected with pulling, whereas the French puller can do this for about one-third the cost, or almost 12 cents per skin cheaper than we can pull, whereas the difference in tariff only allows us about 3 cents per skin. Moreover, the foreign puller on class 2 wools can wash them to such a point that the shrinkage would not exceed 10 per cent, and send these wools in by paying only 1 cent per pound more duty than we are charged on wools shrinking 40 to 50 per cent, so that instead of us having an advantage over the foreign puller, we are handicapped to the extent of 10 to 15 cents per skin. We think that instead of a differential of 1 cent per pound between wool on the skin and off, there should be a differential of 4 to 5 cents per pound.

Hoping that you may be able to arrange for a hearing, we remain,
Respectfully, yours,

THE P. MCGRAW WOOL COMPANY.
PATRICK MCGRAW, *President*.

WORSTEDS.

THE PERSEVERANCE WORSTED COMPANY, WOONSOCKET, R. I. ASKS FOR SPECIFIC DUTIES.

WOONSOCKET, R. I., *November 27, 1908.*

HON. SERENO E. PAYNE.

DEAR SIR: We are manufacturers of worsted goods for men's wear, in business since 1883, operating a plant of looms, worsted yarns which we buy in the open market being our raw materials. These we dye, weave into cloth, finish, and sell direct to clothiers, jobbers, or converters.

Under the Dingley tariff we understand large quantities of foreign-made goods are imported in competition with domestic productions. Our protection under Schedule K is awarded under the ad valorem rate of duty, and we believe it is this ad valorem duty that is the fault or trouble of the goods being imported that ought to be made here.

We are not asking for any more or higher rate of duty or protection, but we would earnestly ask you to use your influence in favor of specific duty on goods, woven cloths, or fabrics, so that our industry can be absolutely certain of receiving the amount of protection awarded it under any new tariff bill to be made.

A specific rate of duty the equivalent of the present ad valorem could be easily arranged. No doubt your tariff experts could readily transpose it to specific rate of duty.

We would suggest for your consideration a plan or outline as follows: Say—

Wool duty as it now is.

Worsted yarns to have compensating wool duty, and specific duty of so much per pound according to the size or number of the yarn, as this always determines the labor cost and cost of production.

Worsted goods, woven cloths or fabrics, to have the necessary compensating duty on wool, and in addition thereto a specific duty of so much per yard, according to the number of picks per inch, as this almost invariably determines the labor cost in the goods, production of same, and cost of production.

A specic tariff based on these lines would be perfectly fair and equitable and could always be fairly and honestly collected, as any appraisers could readily determine the size of the yarn and collect accordingly, and equally so any customs appraiser could easily and accurately determine or count the number of picks in an inch of the cloth or fabric and collect duties in accordance, and undervaluation would be effectively prevented.

Of course under the above schedule yarns would need to be classified somewhat, in the gray or colored, made of wools of the first class or of the second class, etc.

Goods, woven cloths, fabrics, would also require to be classified under different classes, weight, and quality, say, dress goods, piece dyes, and goods made from skein dye or fancy colored yarns of different weights made from wools of first class or second class; but all this is quite easy of arrangement so that any customs appraiser could readily place goods in their proper class, count the picks per inch, and collect a specific duty of so much per yard.

We sincerely trust you will see your way to use your influence to grant specific rate of duty as protection to our industry, and forever do away with ad valorem duty which can not be honestly collected, and simply means that our industry does not receive the measure of protection Congress intended and awarded.

Respectfully, yours,

PERSEVERANCE WORSTED COMPANY.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS.

FIRST PRINT, No. 35.

WEDNESDAY, DECEMBER 16, 1908.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. FOU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Wednesday, December 16, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

**STATEMENT OF MR. EDWARD BRUSH, OF NO. 165 BROADWAY,
NEW YORK CITY, REPRESENTING THE AMERICAN SMELTING
AND REFINING COMPANY.**

The CHAIRMAN. You are connected with the American Smelting and Refining Company?

Mr. BRUSH. Yes, sir; I am one of the vice-presidents.

The CHAIRMAN. Have you any statement that you would like to make?

Mr. BRUSH. No; I came at your request, and I would be very glad to answer any questions and to amplify them so far as I can.

The CHAIRMAN. Your company is engaged in the smelting and refining of lead ores?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And zinc?

Mr. BRUSH. Copper ores, but not zinc ores; lead and copper ores.

The CHAIRMAN. Where are your works located?

Mr. BRUSH. Throughout the west at the most convenient points for the receipt of the ore from the Rocky Mountains. We also have some smelters in Mexico. Our refineries are at Omaha, Chicago, and Perth Amboy, on the harbor of New York.

The CHAIRMAN. Then the refining is not done at the same place as the smelting?

Mr. BRUSH. No, sir; it is an entirely different process, and is done at a point where we can get more skilled labor, and where other features, coal and coke, and zinc particularly—which is one of the large items of consumption in the refining of lead—can be obtained at reasonable prices.

The CHAIRMAN. Have you a smelter in Utah?

Mr. BRUSH. We have one in Utah, at Salt Lake City, called the "Murray smelter."

The CHAIRMAN. Where is the ore mined that is smelted there?

Mr. BRUSH. The Murray smelter smelts virtually no lead ores excepting ores that come from the State of Utah. They come from all over the State, at distances of several hundred miles.

The CHAIRMAN. Will you not describe the process of smelting?

Mr. BRUSH. It depends very much upon the character of the ore. If it is a lead ore that is in question, it depends upon whether it is a sulphide ore or a concentrate, or whether it is very fine or not; but most ore, most lead ore, is received in the form of a concentrate. It

is concentrated by the mine, at the mine, in order to save the freight, and it comes to the smelter in the form of a concentrate, and those concentrates are mostly very fine. They are 25 per cent slime, and the slime will go through a 100-mesh screen; so you can conceive how very fine they are. Those have to be bricked; that is, they can not be put in the furnace in that form, because lead is a soft metal, very volatile, and if it was put in the furnace in that condition it would go right up the stack immediately. So it has to be put in in the form of compressed brick before it can be fed into the furnace. Then in the case of the sulphide ore, which many of them are, and they are getting to be more and more so. The oxidized ores are near the surface of the earth, and as the mine goes deeper the ore is not oxidized, but is a sulphide, and it has to be roasted. That is the case with most of the ores. We are continually, every year, adding to our roasting capacity, and find it necessary to do so.

The CHAIRMAN. How is it handled, by machinery?

Mr. BRUSH. By labor and machinery. Take the Murray plant that you are inquiring about in Utah; it employs about 700 men in the operation. The ore going into the plant is first unloaded at the sampling mill. It all goes through the sampling mill and out again. From that it goes to the roaster to be roasted. In the case of most of the ores, it is handled in and out of the roaster. From there it goes to the bricking machine, if it is to be bricked, and put into bricks. That is handled in and out. From the bricking machine it goes to the beds, and there it is put in the beds in order that it may be mixed with other ores for the reason that before it is put into the furnace we have to get an absolute metallurgical formula, so as not to lose the lead to an abnormal extent or the silver to an abnormal extent. There must be a metallurgical formula that will show 32 per cent silica, about 22 per cent iron, about 16 per cent lime, and not less than 8 per cent lead nor more than 12 per cent lead to do good work. At times we are obliged to run less. In Mexico, where lead is not so precious as it is here, a higher percentage of lead is run, sometimes as high as 20 per cent. That is not economical, however. Then, in connection with bedding, it is in and out again, and then it goes to the smelting furnace and from the smelting furnace it comes out as matte and lead bullion.

The lead bullion is shipped to the refinery for refining. It contains lead and silver and gold. The precious metals have a chemical affinity for the lead and stay with it in solution, and the matte is low-grade matte with usually about 12 per cent copper. That has to be concentrated through two processes to bring it up to 45 per cent matte. And from there, containing some lead, sometimes as high as 25 per cent lead and 45 per cent copper, it is shipped to the reverberatory copper works to blow it to what is called "copper bullion." In that process it used to be the case that the lead was entirely lost, and in fact now copper smelters charge a penalty against a smelter if there is lead in the ore and will buy the matte without the lead, paying a better price for it. But at the present time, owing to the better metallurgical work, some of it is saved from that process. Then the lead bullion is refined in a refinery where it goes through also several processes of refining, the silver going through the retorts, and the zinc being retorted also to save it—a certain portion of it that is used—and the gold has to be refined. The gold and silver

come out together, and that has to be parted and then refined. So there are a great many processes. The ore, as I have explained it to you with respect to this Murray plant, is handled, I believe, thirteen times—the weight for each ton of ore. There are then separate items of transportation from one plant to another point in connection with each of these operations. The smelting of lead is a very complicated business; it is a very fine metallurgical work, while copper smelting is comparatively simple. The reason why it is so complicated is because of the fact that lead is so very volatile, and it is so easy to drive the precious metals into the matte, where they are lost, and where they have to go through three or four additional processes to recover them, and a very large proportion of the lead is then lost.

The CHAIRMAN. Are you able to state the average of production per ton of ore in Utah in copper, lead, silver, and gold in 1906?

Mr. BRUSH. No; I think that would require some state statistics which I do not have; and then, again, I think that would include, of course, all ores. There are a great many ores in Utah that are producers of silver and gold, but which do not contain any lead at all. They are smelted, however, with the lead ores when the ores go to the smelter. I can tell you just exactly what we have ourselves, or I can give you a sample of some of our mines. Since you spoke about Utah, I remember that you had before you, on some other hearing, a representative of the mining interests of Utah, and he mentioned two lead mines in Utah, which happened to be the two largest producers of lead in the State of Utah, and they are shipping ore to our smelters.

The CHAIRMAN. What mines were those?

Mr. BRUSH. Those were the Silver King mine and the Daly West mine. I would not refer to them excepting for the fact that they have been already referred to in the testimony before you. The gentleman testifying spoke of the lead ores as being on an average of 8 per cent lead. I think that possibly he arrived at that percentage by taking all of the ore that was produced and dividing it into the amount of lead that was produced. It was extremely unscientific, as you will find if you undertake to make any investigation. But since he mentioned these two mines, I will say that the Silver King ships to us, but they ship their ore as most lead mines do. They concentrate it and ship it to us in the form of concentrate; and the Silver King, I find by the statistics before me, ships ore that averages 46 per cent lead.

The CHAIRMAN. That is the concentrate?

Mr. BRUSH. The concentrate; yes.

The CHAIRMAN. The process of concentrating eliminates some of the dross?

Mr. BRUSH. It eliminates the iron, and mica, and quartz, and everything that they can in order to save weight—save freights, because the freight item is a very heavy one.

The CHAIRMAN. The concentrate represents 46 per cent lead?

Mr. BRUSH. That is the way it comes to us, 46 per cent lead; and the Daly West comes to us as—

The CHAIRMAN. Before you go to that, how much copper is there, if any?

Mr. BRUSH. No copper in that ore—well, I say none, but there is a little less than 1 per cent of copper in the ore.

The CHAIRMAN. How much silver?

Mr. BRUSH. An average of 55 ounces of silver. That is one of the richest of the concentrates that I know of in silver.

The CHAIRMAN. How about the gold?

Mr. BRUSH. There was seven-hundredths of an ounce per ton; in other words, in a carload of 20 tons of mass material, looking like dirt, there would be one ounce of gold, which the smelter paid \$20 for, and had hard work to find.

The CHAIRMAN. Any other thing of value that comes out of the smelting process?

Mr. BRUSH. No, sir; there are quite a number of things of no value. Sulphur, 12 per cent, and it has to be roasted in order to drive it off, because if the sulphur went into the furnace the whole mass would come out as a matte; it would not come out as bullion at all. We have to get the sulphur down to a very small percentage; we do not like to have more than $2\frac{1}{2}$ or 3 per cent of sulphur in the furnace. The Daly West, if I might give you that—

The CHAIRMAN. Before you get to that, and still speaking of the Silver King mine, how much does it cost per ton for the process of smelting and refining? Can you take it for some year, say 1906?

Mr. BRUSH. I haven't any particular year made up. I simply picked out this statement, which covers three months only—it must be this year, three months of this year. There is virtually no difference in the character of the ore. These are fair averages. Those happen to be the figures I have before me.

The CHAIRMAN. What was the cost?

Mr. BRUSH. The cost we have figured here, that we had to charge up against ourselves, averages \$7.25 per ton of ore. Our charge against the mine, what we call our margin against the mine, was a little less than \$10, showing a profit of less than \$3 a ton on that ore.

The CHAIRMAN. You say you charged it against the mine. What do you charge against the mine; give the items?

Mr. BRUSH. The way we arrive at what we call our margin—

The CHAIRMAN. Before you go any further, I discover that I omitted one little ceremony. Please raise your right hand.

(The witness was thereupon duly sworn by the chairman.)

The CHAIRMAN. And what you have stated thus far is correct, is it not?

Mr. BRUSH. That may date back; yes, sir.

What we call our margin is—we take the value of the metals at the New York quotation. All the metal contains the ore at the New York quotation. Deduct from that the freight to New York, what we have to pay the refiner for refining, and from this deduct the amount of money that we pay to the miner, and the difference is the margin, the money we have left to do our work with, provided we are able to sell those metals in New York at the price we pay for them. We pay the miner for all the metals in the ore by sight draft when he ships the ore to the smelter, against the weights and assay, which is checked by his own representative; but we do not get the metal to the market on an average of four months after that

period, and we always assume that we will be able to sell our metals for what we pay for them, but at times that has been hard work.

The CHAIRMAN. What do you charge for smelting that?

Mr. BRUSH. I have not the particulars of what we charge them for smelting, because the contract as it is made pays for a certain amount of lead, pays for a certain amount of silver, and pays for all the gold at the New York quotation, and then makes a deduction which we call a working charge, and that, in the case of these lead ores, is usually about \$8 a ton.

The CHAIRMAN. About \$8 a ton?

Mr. BRUSH. That is not always the case, by any means.

The CHAIRMAN. You said about \$8, and I asked you if that was correct.

Mr. BRUSH. My recollection is that with reference to these two mines that I have spoken of, in the case of the Silver King mine it is correct, but in the case of the Daly-West mine it is not. At any rate, on the Daly-West ore we make a loss.

The CHAIRMAN. What do you charge them for freight?

Mr. BRUSH. Well, whatever we have to pay. From Utah the charge to New York is, on the bullion, I believe, \$10 a ton. From Colorado it is \$7. Unfortunately, I have not the figures before me from Utah, but I know that from Colorado it is \$7 a ton.

The CHAIRMAN. You think it is \$10 from Utah?

Mr. BRUSH. I think it is, but I am not sure.

The CHAIRMAN. Our recollection is that Mr. Allen said that it was \$1.25 per hundred. I think that was the statement, but I have not located it.

Mr. BRUSH. That could not be, because that would be \$25 a ton, would it not?

The CHAIRMAN. Yes.

Mr. BRUSH. Of course, freight rates are open to inspection; they are all published.

The CHAIRMAN. But from your recollection it is \$10 per ton?

Mr. BRUSH. Certainly not more than \$10 a ton, and it may not be more than \$9.

The CHAIRMAN. And from Colorado, \$7.

Mr. BRUSH. Yes, sir.

The CHAIRMAN. You are positive about that?

Mr. BRUSH. Yes. We have four or five smelters in the State of Colorado, and we only have one in Utah.

The CHAIRMAN. This matte that you send for the smelting process—I suppose you send it to the refinery at Chicago?

Mr. BRUSH. It goes, in fact, to Omaha.

The CHAIRMAN. And is there refined?

Mr. BRUSH. Yes, sir; there it is made into what we call blistered copper, or copper bullion, and from there shipped to Perth Amboy, in New Jersey, where it is refined. The refinery at Perth Amboy is the only copper refinery we have.

The CHAIRMAN. Then it does not go into the market at all until it gets to Perth Amboy?

Mr. BRUSH. There is no consumption for copper, comparatively, in the West.

The CHAIRMAN. Can you give us the cost to you of smelting?

Mr. BRUSH. I can give it to you on that ore, or these other ores that I brought down, which I thought would be typical ores. I have given you already the Silver King, and can give you the Daly-West.

The CHAIRMAN. I think you gave me the total cost of smelting and refining, both, at \$7?

Mr. BRUSH. That is the charge made by the smelter, and the smelter has to pay the freight to the refinery out of that.

The CHAIRMAN. Something over \$7 for that mine, the Silver King?

Mr. BRUSH. About—I will give it to you exact. One month it was \$6.91; the next month, \$6.78; the next month, \$7.86. It varies in accordance with the percentage of sulphur and the percentage of zinc in the ore. Where there is a heavy percentage of zinc it increases the cost of smelting, so much so that the smelter, when he buys an ore, places a penalty on the zinc contents of it if it goes over a certain per cent, as I will show you later on some other ore when we are through with the Silver King.

The CHAIRMAN. How much does the lead cost you as it finally comes from your copper refinery at Perth Amboy?

Mr. BRUSH. The smelter is the agent of the miner—there is no such thing as cost to ourselves of lead. We buy from the miner, and pay him the New York quotation, the full New York quotation, for the lead the day that he ships his ore, and we simply act as his agent in the disposition of that lead. If the price of lead goes up, the miner gets it, and if the price goes down the miner loses it. Except, as I say, that during the four months if it goes down and we have not been able to sell we lose it.

The CHAIRMAN. How much toll do you take out of it? You say that you act as agent. How much commission, or whatever you may call it; how much do you take out of it?

Mr. BRUSH. What we might call toll is the charge we make and the deduction from the total metal contents. The deduction for the total metal contents is only intended to cover the exact amount of metals lost in the process of roasting and smelting and refining.

The CHAIRMAN. What is your profit out of it; what do you get out of it? I am referring to this agency business.

Mr. BRUSH. I don't know any other way to answer that, Mr. Chairman, excepting by referring to the annual report of the company. Our company in the last annual report showed that they made a profit of \$7,000,000. We refined 216,000 tons of lead, including Mexican lead, which was refined in bond, and we refined about 50,000 tons of copper, and about 60,000,000 ounces of silver, and about 1,000,000 ounces of gold, at a total value of about ninety millions of dollars. It is next to impossible to say what profit we made on each of these operations; but for years, assuming—which I think is fair—that the profit in refining of lead is \$2.50 per ton—and when I say profit I mean profit at the works—that does not take out interest, which is a very large item in the carry, nor does it take out depreciation or administrative expenses or selling expenses and the inevitable loss in connection with selling. It is simply the profit at the works. If we assume that as \$2.50 on lead bullion, and \$4 on copper bullion, and a quarter of a cent an ounce on the refining of silver, and, say, 25 cents an ounce on the refining of gold worth \$20.50 an ounce, with all the risk of loss in it, that would leave a profit for the

smelting business of about \$1.50 a ton, smelted. We smelted 3,372,750 tons. I do not know any other way to get at our profit of smelting, and that of course includes all kinds of ores.

The CHAIRMAN. You say your annual report did actually show a profit of seven millions of dollars?

Mr. BRUSH. That was one mine. If you care to have some other mines, I will show you something quite different. We have to get an average profit out of all the ore that goes into the furnaces, and any one charge into a furnace may mean, and probably does mean, ores from thirty to fifty different mines, all mixed together in a body to get the proper metallurgical formula. We get out average cost and average margin, the difference being the average profit at those works. That is the only way we can do business.

The CHAIRMAN. Your report was made from your books, of course?

Mr. BRUSH. Absolutely. "The proof of the pudding is in the eating."

The CHAIRMAN. Did that annual statement show any interest account?

Mr. BRUSH. No, sir. The interest account on the carry is more than a million dollars from the time we pay for the material to the miner.

Mr. CLARK. Now, right there let me ask you a question for information. Why is it that the business men come in here right straight along and when they are asked about their profits they always leave out the interest charge, just as you are doing now?

Mr. BRUSH. Exactly. It is because it is a custom in works to figure cost on what they pay, what they pay for anything, and what they have to pay out in order to work it. The manufacturing books, I believe, are kept on that basis.

Mr. CLARK. It seems to me that the first thing that a man would do when he was calculating whether he had made a profit or a loss would be to put in the interest on his investment.

Mr. BRUSH. I believe you are right, sir, but it is not the way that manufacturing books are kept.

The CHAIRMAN. I do not see how you can make that work unless you have sufficient capital—money in hand—to handle this without borrowing any money.

Mr. BRUSH. That is exactly what we do. The American Smelting and Refining Company paid no dividends until it had accumulated a sufficient amount to carry all this material, amounting to about \$25,000,000, and not borrow a cent. After they had done that they commenced to pay dividends.

The CHAIRMAN. Money to carry on business is like a plant—it is part of the capital stock.

Mr. BRUSH. It is, undoubtedly.

The CHAIRMAN. And when you come to make dividends, you make dividends on your capital stock?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And those dividends are 7 per cent on the common?

Mr. BRUSH. No; 4 per cent on the common.

The CHAIRMAN. And 7 per cent on the preferred. That is the regular dividend?

Mr. BRUSH. That has been the regular dividend for the last year and a half, I believe.

Mr. McCALL. If you borrow money and pay interest to a bank, or to a person who loans money, you would charge that in as cost of the business, would you not?

Mr. BRUSH. Yes, sir.

Mr. McCALL. And only this capital escapes which is part of your capital stock capitalization?

Mr. BRUSH. That is all that ought to escape.

Mr. McCALL. You charge interest on all of the other money?

Mr. BRUSH. I am just giving the answers to these questions off-hand. The exact figures ought to come from our manufacturing books.

The CHAIRMAN. How long ago was the American Smelting and Refining Company established?

Mr. BRUSH. If you will allow me, I think it is only fair, as long as two mines were quoted in Utah, that I should give you both mines.

The CHAIRMAN. Very well, go on with that.

Mr. BRUSH. I only want to be fair. I gave you one of the most profitable illustrations that I could give you first.

The CHAIRMAN. I lost sight of that other mine.

Mr. BRUSH. The Daly West only contains 25 per cent of lead. It contains 17 per cent of sulphur and usually over 17 per cent of zinc. I believe in one month there was 19½ per cent of zinc. As I told you, we are obliged to charge a penalty for that zinc. Instead of the mine getting anything for the zinc, they are charged a penalty on account of having it, because in the process of lead smelting it becomes a very serious charge. And in this mine, where we have an average margin of only \$8, we have an average cost of \$1 more than that, so that on that mine, at the smelter, we suffer a loss of \$1 a ton. The smelting business has to be done on averages. It is done under very sharp competition. There is not an ore that we buy at any smelter that I know of upon which we are not subjected to competition in buying it; and the smelter seems to be always in need of some kind of ore. He will have a surplus of lead and will need silica, or he will have a surplus of silica and need lead; and the charge we make in getting a contract will depend upon our needs and also the needs of our competitors. But usually the needs of our competitors are the same as ours for the reason that it depends upon a certain situation. At the present time, for instance, with silver at less than 50 cents, the amount of silica produced in connection with dry ores is getting so small that the smelters are bidding for silica, and pay such a high price for it that they would not be able to make any money out of the silica ores, and they will have to make it out of the lead ores. At other times it is just the other way and then there is a shortage of lead ores when the smelter will pay more than the lead is worth. I have known lead ores to be bought at a loss of \$5 a ton to a smelter because the smelter could afford to do it and because they had so many silicious ores on which they were making a profit, and which they could not smelt without the lead. And that situation will change month by month and often changes radically in a period of three months.

Following that, I would like to give you an illustration which is pertinent and fair, and when I say "fair," I lean over backward. I did it by beginning with the Silver King mine.

A large proportion of all the lead produced in the United States is in the State of Idaho. I do not think you have had any statement with reference to that as yet, but you will have from the miners representing the lead producers in Idaho. You will have a statement showing the particular situation there. I was able to get the cost of mining of one of the mines that did not close down when lead went below 4 cents. Doubtless you know—I do not know whether anyone has testified to the fact—but as a matter of fact, last year when lead went below 4 cents more than one-half, or at least one-half, of all the lead production of the country was cut off. It could not be produced, and in fact a good deal that was produced was produced at a loss.

The CHAIRMAN. Like all other business in the United States?

Mr. BRUSH. At that figure, yes. The Silver King and the Daly-West as soon as lead went down to 4 cents closed down their mines. It is not the same with all other business, if you will pardon me, for the reason that some businesses do not run because they can not sell their product. That is not the case with the miners. They can sell their product to the smelting company, because the smelting company has a contract that obliges them to take the entire production of the mine, and the smelting company has to take it whether it can sell it or not.

The CHAIRMAN. Certainly, but the price went down.

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And the price went down because of lack of demand?

Mr. BRUSH. Because of surplus of production.

The CHAIRMAN. For the same reason that affected all other industries; they could not sell at a profit, therefore they shut down. If you will pardon me, I think it is a good deal like the other business.

Mr. BRUSH. You can see that there is quite a difference in that, because there is some one who stands ready to take the material.

The CHAIRMAN. At the market price?

Mr. BRUSH. And they took it.

The CHAIRMAN. The smelter will take it at his price, which is the market price, and when that gets down below the point where it pleases them they shut down?

Mr. BRUSH. That is what they do. I only referred to 4 cents because that was the point that was fixed upon by a number of mines, and I selected a mine in the Coeur d'Alene which was able to make money at four cents, although that mining company owned three other mines, all of which closed down. Now, in working out that ore—the ore ran 8 per cent lead when it was mined and $3\frac{1}{2}$ ounces of silver to the ton of ore as it was mined—when it was concentrated 7.8 tons of ore made 1 ton of concentrate. In the process of concentration the mine lost 13 per cent of lead and 33 per cent of silver in the ore, and the concentrates were shipped to our smelters in Colorado. Now, without going through all of the calculations that are before me, I will say that it came down to this: The 1 ton of lead cost the mine—I am speaking now of actual cost—\$48.35 to mine

it and to concentrate it, and two-thirds of that cost was labor, while the other third was very largely timber. The amount paid for freight on 1 ton of lead was \$25.50; that was freight on the concentrates to the smelter and freight from the smelter to the refiner of the bullion, getting it to the New York basis.

Mr. HILL. How much was that?

Mr. BRUSH. The total amount of freight paid was \$25.50. The cost to the smelter was \$5.55; the cost to the refiner was \$4.50, making a total cost of \$83.90. The silver in it was worth \$16.21. If you deduct that, and throw all the cost upon the lead, which is certainly not a fair way of figuring costs, you will bring out the cost of 1 ton of lead at \$67.69, or \$3.38 a hundred pounds. Now, at 4 cents New York, there was a profit of 62 cents a hundred pounds. That profit was divided, 31 cents to the mine, 15 cents to the smelter, and 16 cents to the refiner.

The CHAIRMAN. I do not follow you when you go from tons to hundreds.

Mr. BRUSH. Well, divide by 20. The price of lead is always figured by the 100 pounds, not by the ton, and that is the reason why I use those figures.

The CHAIRMAN. You went from tons to hundreds so suddenly that I did not quite follow it out.

Mr. BRUSH. The ton was \$67.69.

Mr. HILL. Was that 2,240-pound or 2,000-pound ton?

Mr. BRUSH. Two thousand pounds. All American business is done in tons of 2,000 pounds. In the first place the mine has to charge off, or ought to charge off, its amortization. When a mine makes a profit it takes it out of its capital, and we know by past experience that a mine sometimes comes to a very sudden end, but rarely lasts through a period of more than ten years; on an average they do not last that long.

I have before me a letter from Professor Buckley, who was for seven years the director of the Missouri bureau of geology and mines, and who has made an exhaustive study of the lead bodies in the State of Missouri, in which he states that at the present rate of production of lead in Missouri the entire lead fields will be exhausted in not over twelve years. It is easier to compute that than it is with mines that go right down.

Mr. CLARK. Do you not know that recently they have discovered a lower stratum of lead and zinc in Missouri? They have been working close to the surface for years, but now they have begun to go down, as they ought to have done before.

Mr. BRUSH. I believe that this statement of Mr. Buckley is based upon the examinations that have been made by the state geologist, and also examinations that have been made by all of the large mining corporations that are operating in Missouri. Those corporations are constantly sinking their drill holes all over their territory, and those drill holes go to a depth of many hundred feet, away beyond anything that has been done.

Mr. CLARK. They discover very rich deposits when they go down deep.

Mr. BRUSH. It takes that all into account, as I understand it.

Mr. CLARK. Who is this professor that you quoted?

Mr. BRUSH. Mr. E. R. Buckley, who was director of the Missouri bureau of geology and mines for seven years. I believe that at the present time he is not, but is acting as an independent mining geologist.

The CHAIRMAN. What is the date of that letter?

Mr. BRUSH. This was dated December 9, 1908. It was in response to an inquiry that was made of him upon that very point.

The CHAIRMAN. Where is Mr. Buckley?

Mr. BRUSH. He wrote this letter from Washington. At that time he was in attendance at the Conservation Congress.

The CHAIRMAN. Where does he live?

Mr. BRUSH. He lives in Missouri, and, I think, in St. Louis, but I am not sure about that. And then all of the mines are getting deeper constantly. There has been no new discovery of lead made in the United States, so far as I know, in the last ten years—since the tariff was placed upon it; and the mines are all getting deeper. And with depth their timber cost becomes heavier, so that it is becoming a serious matter as to where they will get it from at any cost, especially in the Coeur d'Alenes. It is constantly increasing in cost. Labor is constantly increasing in cost, and has increased during the last five years. About three years ago the State of Idaho passed a law making the day eight hours. The mines were not able to decrease their labor per day at all, consequently it added just 25 per cent to their labor cost. And with the smelter and refiner, their profits are reduced by the wear and tear, depreciation, by interest, which is not taken off in this at all, and by the general expense of administration of the corporation, by the cost of selling, and the inevitable losses in connection with selling. All of those come out of this profit. These are only mill profits, all that I have given you.

The CHAIRMAN. That would not come out of the statement that your company made; so many million dollars made in one year?

Mr. BRUSH. No; that was, as I showed you, an average of about \$1.50 per ton of ore smelted.

The CHAIRMAN. But you mentioned \$7,000,000.

Mr. BRUSH. Yes.

The CHAIRMAN. Of course you did not estimate in that any bad debts or anything of that kind, as assets, did you?

Mr. BRUSH. Oh, no. Of course, if there were any bad debts accruing during that year, it did come out of that. I gave you the mill cost and mill profit, and I simply stated what ought to and does have to come out of the mill profit.

The CHAIRMAN. That was 1908?

Mr. BRUSH. Nineteen hundred and eight; yes, sir. That was made out on the basis of 50 cents for silver.

The CHAIRMAN. What was it the year before?

Mr. BRUSH. When lead was higher the mines made more profit, because they got the benefit of the higher prices.

The CHAIRMAN. How about the smelter? What was his profit in 1907—your company?

Mr. BRUSH. The profit that I gave you was of 1907.

The CHAIRMAN. What was it in 1906?

Mr. BRUSH. I think the smelting profit was something like \$10,000,000.

The CHAIRMAN. What was it in 1905?

Mr. BRUSH. Then it was about \$8,000,000. The \$7,000,000 is the average of the past five years, and business has remained fairly steady except during the boom of 1906-7.

The CHAIRMAN. Of course these reports are accessible to us?

Mr. BRUSH. I am quoting from recollection, but they are public property.

The CHAIRMAN. I thought you might remember a little circumstance like that.

Mr. BRUSH. I suppose I ought to, but what I gave you, I think, was very close to the facts.

Mr. RANDELL. I did not quite understand. The chairman asked what were the profits of the company, and you have given certain figures, and now you say that they are the mill profits. I do not understand what that means.

Mr. BRUSH. Pardon me, but I gave both.

The CHAIRMAN. The total profits of the smelting and refining company were what you gave me, were they not?

Mr. BRUSH. Yes, sir.

Mr. DALZELL. Of the two processes?

Mr. BRUSH. Of the entire mine, one of the largest producers in the Cœur d'Alenes.

The CHAIRMAN. Your company refines all that you smelt?

Mr. BRUSH. Yes, sir; we refine all that we smelt, and we make a regular charge.

The CHAIRMAN. Do you refine anything which is smelted elsewhere?

Mr. BRUSH. Yes; we are buyers of bullion, copper and lead. Of course, these profits are not profits made in the United States. We are doing a very large business in Mexico, and we are buying ore from all over the world.

The CHAIRMAN. Can you give us, Mr. Brush, the profits on the ore that you buy and which is produced in the United States mines?

Mr. BRUSH. No, sir; I could not. That is the total.

The CHAIRMAN. There is no way of getting at that?

Mr. BRUSH. I do not think there is.

The CHAIRMAN. We will recur to that later.

Mr. BRUSH. I should say that these costs all the way through, both at the mine and at the smelter and at the refinery are made up very largely—fully 90 per cent—of labor, fuel, and freight; and I suppose fuel and freight resolve themselves again into labor. The lead tariff, which is the subject under consideration, is for the protection of the miner. The refiner is not protected at all under the present tariff. The tariff on lead bullion, which is imported from Mexico, is 2½ cents. Although I appear as representing the smelting company, I thought I should make that clear. The tariff at the present time is 2½ cents on lead bullion, which is the production that is exported from Mexico very largely to our refinery and other refineries in this country, to be refined here by American labor in American works, and the duty on pig lead is exactly the same, 2½ cents.

The CHAIRMAN. Suppose we take the tariff off of lead, what would the refiner do then? You say that it is all for the benefit of the miner. If we took it off, how would the refiner come out?

Mr. BRUSH. If there was no duty on lead, there would be no lead produced in the United States, in my opinion, and there would be no business for the miner or the smelter.

The CHAIRMAN. Excepting what they brought in from Mexico?

Mr. BRUSH. Yes. And even that, under those circumstances, would be refined in Mexico, because labor is very much cheaper there than here.

The CHAIRMAN. I take it that the tariff is somewhat for the protection of the refiner as well as the miner.

Mr. BRUSH. Indirectly, but not directly. I think I am correct in saying it is not directly for the interest of the smelter—it is indirectly, of course, because there would be no business done.

The CHAIRMAN. If the tariff is not well balanced; that is, the proper relation of a tariff between the lead in the ore and the refined lead, of course the miner will suffer from it, the refiner being the stronger party, but when you say the tariff is all for the benefit of the miner I can hardly see the force of that.

Mr. BRUSH. I will be very glad to amend it and say "indirectly," of course.

The CHAIRMAN. Would you go out of business if the duty were taken off?

Mr. BRUSH. There is no doubt about it.

Mr. CLARK. Have they not been digging lead in the United States since the Indians were driven out of the country, and before that, no difference what the tariff was?

Mr. BRUSH. I don't know what the price of lead was in those days.

Mr. CLARK. You know that the lead industry has never let up or stopped in this country, even prior to the settlement by white people.

Mr. BRUSH. Yes.

Mr. CLARK. Then what makes you say that if you take this tariff off—I am not talking about whether they want to take it off or keep it on—but what makes you say that if they take the tariff off, or the substantial part of it off, that this lead industry would cease all of a sudden?

Mr. BRUSH. Because lead is produced in an altogether different way. I think the Indians would have had a very hard time to produce lead from the lower levels of the Missouri lead fields.

Mr. CLARK. The Indians would not dig down in the ground, but white people have been mining lead in the United States for two hundred and fifty years.

Mr. BRUSH. Not on the low levels.

Mr. CLARK. They are working on the low levels now, because they may not find any on the high levels.

Mr. BRUSH. That is true. And then there is the increased cost.

Mr. CLARK. You are running smelters and refineries in the United States, and also in Mexico. Do you represent the Guggenheim interests?

Mr. BRUSH. Mr. Daniel Guggenheim is president of the American Smelting and Refining Company.

Mr. CLARK. You have refineries in Africa, haven't you?

Mr. BRUSH. No, sir.

Mr. CLARK. You haven't any refineries in Africa?

Mr. BRUSH. No, sir.

Mr. CLARK. Has not the Guggenheim combination?

Mr. BRUSH. No, sir.

Mr. CLARK. Where are they?

Mr. BRUSH. The only works that they own—that the company owns—are in the United States and in Mexico.

Mr. CLARK. Well, if you are running lead smelters and refineries in the United States and in Mexico, what do you care about whether the tariff is on or off?

Mr. BRUSH. Because, as the chairman pointed out, the smelting and refining companies are vitally interested in having as many tons produced in this country as can be consumed in this country, because we get a toll on the number of tons of ore that is produced in the Rocky Mountain region.

Mr. CLARK. Do you suppose that Congress, or anybody else, has ingenuity enough to rig up a tariff bill that would keep these refineries from getting most of the profits on the ore anyhow?

Mr. BRUSH. I should hesitate to pass judgment on the Congress of the United States.

Mr. CLARK. I am talking of the rest of mankind in with it.

Mr. BRUSH. If you will pardon me, I would like to explain to the chairman what I referred to in saying that the tariff was not directly for the benefit of the smelter and refining companies. I listened to the testimony taken here yesterday upon the iron and steel schedule. I believe it is customary to put a certain duty on the raw material, a little higher duty on the next product, and a little higher duty on the next product that goes beyond that; like, for instance, the iron pipe which I heard testified about. The natural method of making the tariff, it seems to me, on lead would be a certain duty on the lead ore, a certain further duty on the lead bullion after it was smelted, and a certain further duty on the lead after it was refined. I will show you the incongruity of the situation.

Mr. CLARK. When these men bring this ore to your mills, and you smelt it, do you buy the ore from them?

Mr. BRUSH. We buy it and we pay for it against a sight draft, usually.

Mr. CLARK. I do not care how you pay it, but what I was getting at was this: After the ore is delivered to the smelter it becomes your ore?

Mr. BRUSH. Yes, sir.

Mr. CLARK. And then as to any profit or tariff—it does not make any difference naturally by reason of the tariff—you get?

Mr. BRUSH. No, sir; because we pay the miner the full price, 4 cents, or 4½ cents, or 6 cents, whatever it is, in New York, and deduct the freight to New York.

Mr. CLARK. And the tariff is 1½ cents?

Mr. BRUSH. Yes, sir.

Mr. RANDELL. And he sells his ore the same as if he had a market in New York City.

Mr. BRUSH. We have to have in that method of settlement some point of selling. We settle on the New York quotations, and deduct the freight to New York.

Mr. RANDELL. Why not settle on the basis of what you get the ore from the outside for, and add the freight to New York?

Mr. BRUSH. Simply because the custom has grown up to do it that way. I suppose you are acquainted with the fact that when the lead

is sold in the West, it is sold for a price less than the New York price. The freight is deducted, so that it comes out that that basis is the correct basis covering the entire distribution of lead.

Mr. HILL. You buy the lead on the basis of the New York price, deducting the freight, say, from Utah to New York?

Mr. BRUSH. Yes, sir.

Mr. HILL. Supposing a man in Chicago buys lead, he buys it on the basis of the New York price?

Mr. BRUSH. Less the price from Chicago to New York.

Mr. HILL. Then you have made out of the miner the freight to New York clear and clean?

Mr. BRUSH. No, sir; because we sell the lead in Chicago for less than what we pay for it.

Mr. HILL. Less the freight from New York to Chicago?

Mr. BRUSH. Exactly.

Mr. HILL. And you have taken from the miner the freight from Utah to New York?

Mr. BRUSH. I beg pardon?

Mr. HILL. You have deducted that from the price you paid him?

Mr. BRUSH. We will say, for instance, that the freight is \$8 from Colorado to New York.

Mr. HILL. And if lead was worth \$100 a ton, you would give him \$92?

Mr. BRUSH. It is \$2 less to Chicago; we pay the New York price.

Mr. HILL. But you do not give the miner the benefit of the freight from New York to Chicago; you take that yourself.

Mr. FORDNEY. Let the gentleman answer the question. He is going to answer in an entirely different way than what you think he will.

Mr. BRUSH. We pay the New York price and we pay the New York freight. That only costs us the Chicago freight. Then we only get the Chicago price for the lead, and the difference in the price in lead, that we lose, is exactly equal to the difference in the cost of freight which we make. If that is not clear, I would like to make it clear, because it is absolutely that the price is in accordance with the freight, and it works out that the smelting companies make nothing in the system.

Mr. CRUMPACKER. The Chicago price is the New York price less the freight from Chicago to New York. Where you sell at Chicago you have to sacrifice the freight from Chicago to New York in your price?

Mr. BRUSH. Yes, sir.

Mr. CLARK. Does the company that you represent here absolutely fix the price of the ore to the miner and of the lead to the consumer?

Mr. BRUSH. No, sir. In the first place, the price of the ore to the miner is subject, as I have stated, to very sharp competition. I do not know of an ore that we buy anywhere that is not subject to the closest kind of competition.

Mr. CLARK. Do you fix this New York price that you are talking about? Don't you fix it absolutely?

Mr. BRUSH. The New York price is whatever we sell our lead for. It happens that we sell about 50 per cent of all the lead.

Mr. CLARK. Then in plain English, you fix the price of lead?

Mr. BRUSH. It comes to that; yes, sir.

Mr. CLARK. You say you do not fix the price of the ore?

Mr. BRUSH. It comes to that, for the reason that the other sellers that take lead are willing to sell on whatever price that we sell. They could not sell for more, and they do not want to sell for less.

Mr. CLARK. If they undertook to sell for less you would break them up, wouldn't you?

Mr. BRUSH. They are constantly doing it at the present time.

Mr. CLARK. Selling for less than you do?

Mr. BRUSH. Yes, sir.

Mr. CLARK. I thought you said a half a minute ago that they did not.

Mr. BRUSH. When I say that, I do not mean that that is always the case, but the average case.

The CHAIRMAN. Your company is closely allied with the National Lead Company, is it not?

Mr. BRUSH. Why, it happens that two of the directors of the American Smelting and Refining Company are also directors of the National Lead Company. I do not know of any other business connection.

The CHAIRMAN. Are these same directors interested stockholders?

Mr. BRUSH. I suppose so, but I do not know.

The CHAIRMAN. Do the same directors control both companies?

Mr. BRUSH. No, sir.

The CHAIRMAN. Well, a majority then?

Mr. BRUSH. No, sir.

The CHAIRMAN. Not even a majority?

Mr. BRUSH. No, sir; not by any means.

The CHAIRMAN. Do not the directors interested in your company control the business operations largely of the National Lead Company?

Mr. BRUSH. No, sir; they do not. They not only do not, but—

The CHAIRMAN. Do not they fix the price of lead in the United States through the National Lead Company?

Mr. BRUSH. No, sir; not at all. The National Lead Company, in many of its operations, and in most of its policies, is diametrically opposed to the policy of the American Smelting and Refining Company.

The CHAIRMAN. Directly opposed to it?

Mr. BRUSH. Well, the American Smelting and Refining Company are interested—

The CHAIRMAN. Please say in what way they are opposed to it, in what particular?

Mr. BRUSH. The American Smelting and Refining Company is interested as the agent of the miner in having the prices of lead high, because he wants to encourage the production of as much lead as the country will consume. That, in a nutshell, is the situation. The National Lead Company are interested in having their pig lead as cheap as they can buy, as is always the case with the manufacturer and the raw material.

The CHAIRMAN. And also because they feel the criticism because of the extremely high price of lead in the United States?

Mr. BRUSH. I do not know about that, sir.

The CHAIRMAN. It is high, is it not, compared with other countries?

Mr. BRUSH. I have a table here that shows the average price of pig lead by years, and if we bring it to a St. Louis basis, the St. Louis market, it was about, on an average, $1\frac{1}{2}$ cents a pound higher than what foreign lead could be laid down at.

The CHAIRMAN. That is the average?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. What was the greatest difference?

Mr. BRUSH. The greatest difference, of course—I am sorry to say that I have not that table with me. I thought I had it, but I have not. The greatest difference was, of course, at times when the country was not producing as much as it was consuming and was obliged to import. That happens at some time during most years, but it has not happened—

The CHAIRMAN. Have you that statement there, Mr. Brush?

Mr. BRUSH. No, I have not; but I will see that you have it. I thought I had it with me.

The CHAIRMAN. What years does it cover?

Mr. BRUSH. You mean the statement that I had made up?

The CHAIRMAN. Yes.

Mr. BRUSH. It covered from 1900 to 1907.

The CHAIRMAN. That is what I wanted.

Mr. BRUSH. At certain times of the year that was the case, but, with the exception of a portion, I can give you this from recollection, if you like.

The CHAIRMAN. I wish you would bring it here at 2 o'clock to-day and hand it to the stenographer.

Mr. BRUSH. Very well; I possibly have it at my hotel.

Mr. CLARK. If part of the directors of this refining company are also directors of the National Lead Company, and the National Lead Company and the refining company are at cross purposes, or loggerheads, then how do these directors who belong to both of these companies operate?

Mr. BRUSH. Well, I think that they operate by acting as a great many directors do, not being very active in reference to the management of the company. The management of the National Lead Company is absolutely in the hands of the officers of the company. Their policy could be changed by the directors, but I think that is something rarely done.

Mr. CLARK. Dummy directors?

Mr. BRUSH. I should hardly say that. A director can not carry on the operations of a company.

Mr. CLARK. But the whole directory can, can it not?

Mr. BRUSH. They could if they chose to stay at the office every day, but directors do not do that.

Mr. CLARK. The trouble about directors generally is that they do not stay in their offices enough.

The CHAIRMAN. You say that these two companies do not act in harmony, the National Lead Company and your company?

Mr. BRUSH. They do not act in harmony in that way.

The CHAIRMAN. There may be a little dickering between the two companies, but when they come to action do they not act in harmony?

Mr. BRUSH. I do not know how you can state it. We sell pig lead to the National Lead Company, and they buy it as cheap as they can

buy it. If they think it is too high, they go without it and do not buy it.

The CHAIRMAN. They do buy your product, largely?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And the price of your product to them, of course, is fixed between the two companies; it could not be otherwise—buyer and seller?

Mr. BRUSH. That is it, exactly.

The CHAIRMAN. Now, the price of commodities of the National Lead Company is influenced by your company?

Mr. BRUSH. Not that I know of at all.

The CHAIRMAN. Are you a director in both companies?

Mr. BRUSH. I am.

The CHAIRMAN. How many directors of your company are directors of the National Lead Company?

Mr. BRUSH. I left myself out when I said two. There are three. I left myself out because I do not act. There are three.

The CHAIRMAN. You say you do not act, so you do not know what is going on in the National Lead Company?

Mr. BRUSH. No; I try to keep entirely free from all entanglements, sir.

The CHAIRMAN. Are any of your directors directors in the American Linseed Company?

Mr. BRUSH. No, sir; I am sure they are not.

The CHAIRMAN. Stockholders?

Mr. BRUSH. Not that I know of.

The CHAIRMAN. Do you say that they are not allied in any way with the American Linseed Company?

Mr. BRUSH. No, sir; I am sure they are not.

The CHAIRMAN. How about the United Lead Company?

Mr. BRUSH. The United Lead Company is a portion of the National Lead Company.

The CHAIRMAN. Do your people have any directors in that company?

Mr. BRUSH. Well, I am not sure—there is one, but I am not sure whether there is any more or not. I am not.

The CHAIRMAN. You are a director?

Mr. BRUSH. I am not. I do not think there is but one.

The CHAIRMAN. Is your corporation allied in any way with the American Smelters Steamship Company?

Mr. BRUSH. Yes, sir. The American Smelters Steamship Company—we own that entirely. It simply represents the steamers that run between Mexico and New York, bringing the product of our works from Mexico to New York.

The CHAIRMAN. Now, you spoke about the product from this ore. Is there another product, blue vitriol?

Mr. BRUSH. That is a by-product of copper smelting.

The CHAIRMAN. And whenever you have lead ore with copper, a copper product, you have blue vitriol?

Mr. BRUSH. Not necessarily.

The CHAIRMAN. But you do have in that connection?

Mr. BRUSH. Yes; we sometimes do. We only make it when it pays to make it.

The CHAIRMAN. What is your product of blue vitriol a year?

Mr. BRUSH. It is very small, indeed. I believe our Perth Amboy plant has not made any blue vitriol for the last year, and our Omaha plant makes on an average, I think, 300 tons a month. They make it simply as a by-product from the smelting operations. They use the sulphuric acid which is the waste sulphuric acid from the refining operation, I should say.

The CHAIRMAN. Your company owns mines in Mexico, does it not?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. To what extent? What is the production of your mines per year of lead in the ore?

Mr. BRUSH. At the present time?

The CHAIRMAN. I would rather skip the present time and take it last year.

Mr. BRUSH. I will give you the average.

The CHAIRMAN. All right; maybe you are in a prosperous condition now.

Mr. BRUSH. As a matter of fact, at the present time, the lead mines of Mexico are producing more than ever before. The mines owned or controlled by our company in Mexico at the present time are producing about 3,000 tons per month.

The CHAIRMAN. Of lead?

Mr. BRUSH. Of pig lead in the ore. That is at least 50 per cent more than it was a year or two ago, or than it has ever been before.

The CHAIRMAN. Where are those mines located with reference to the seaports?

Mr. BRUSH. They are all located in the northern portion of Mexico, and the ore is smelted at Velardena, Chihuahua, and Monterey.

The CHAIRMAN. How far is that from the seaport?

Mr. BRUSH. Monterey is about 125 miles, according to my recollection. With reference to the freights, you might be interested in those points—

The CHAIRMAN. I will get to that in a little while. Are these mines rich in lead ore, more so than the mines of the United States?

Mr. BRUSH. No, sir; I should say not. They vary very radically. I have returns here—

The CHAIRMAN. I did not mean compared with the concentrates that you spoke of this morning, but the ore as it comes from the mine.

Mr. BRUSH. In lead, I should say that the average is higher than in the United States for the reason that the Mexican mines are not as deep as the mines in the United States; they have not been worked as long.

The CHAIRMAN. I want to find out the proportion of lead in the ore as it comes from the mine.

Mr. BRUSH. They run close to 6 and 8 per cent on an average.

The CHAIRMAN. Is there any silver or gold in these mines?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. How does that run compared with the mines in Utah?

Mr. BRUSH. The silver in the ores in Mexico is considerably more than in the United States. A comparative product in bullion is about 150 ounces to the ton of bullion in the United States and about 400 ounces from Mexico, on the same basis of smelting.

The CHAIRMAN. That is lead bullion?

Mr. BRUSH. Lead bullion. The silver is very largely in connection with lead bullion.

The CHAIRMAN. What amount of silver do you get in a ton?

Mr. BRUSH. That is what I was just stating. In a ton of lead bullion of American production, 150 ounces, and Mexican production, 400 ounces; in other words, in richness of silver, Mexican production, as compared with the production of the United States, is as 400 is to 150.

The CHAIRMAN. You say the mines are not as deep in the ground?

Mr. BRUSH. No, sir.

The CHAIRMAN. What is the cost of mining?

Mr. BRUSH. I have the cost of labor and I have the cost of freight. I have not in detail the cost of mining for any mine. Of course, the costs are very different, but in labor it is about as follows: The common peon labor is about 5 cents an hour, gold, in Mexico; the mechanics get 10 cents an hour, gold; carpenters get $7\frac{1}{2}$ cents an hour, gold; hoist men and trammers and pump men, which are a little better class of labor around mines, get 10 cents an hour, gold. Those are the present prices. They are materially higher than the prices of five years ago. The increase in labor in Mexico has been proportionate to the increase in the United States.

The CHAIRMAN. What is the comparative efficiency of those peons and of the people who work in the mines in the Rocky Mountain districts?

Mr. BRUSH. I should say that, compared with the kind of Poles and Austrians that we have to work very largely in the American smelters in the last year or two, that they are about the same.

The CHAIRMAN. How about those who worked previous to that: what were they?

Mr. BRUSH. The efficiency of the American labor is increasing; it is improving.

The CHAIRMAN. How does it compare with the miners that handled the Rocky Mountain districts in 1905?

Mr. BRUSH. I can not give you any absolute comparison, for I do not know how to do it. It would be simply a guess.

The CHAIRMAN. But you knew all about it when you compared with the Poles in the last year or two.

Mr. BRUSH. I beg pardon; I said I thought that during that time the comparison was one way. Before that the American labor was more efficient and the Mexican labor was less efficient; in other words, the tendency throughout the last three years has been to make the American labor less efficient and the Mexican labor more efficient.

The CHAIRMAN. Do you mean to say that there was any change in the Rocky Mountain districts since you have used the labor of Poles and people of that character?

Mr. BRUSH. During the last two years—of course, during the last six or eight months there has not been such a demand for labor, and we have been able to select our labor; but up to that time we were not able to select it and had to take anything we could get.

The CHAIRMAN. How far are these mines that you own in Mexico from a railroad?

Mr. BRUSH. We usually have a railroad or a branch of a road run right to the mine; in fact, we have no mine that does not have a branch road running right to it.

The CHAIRMAN. Branches that you have built?

Mr. BRUSH. We sometimes build them ourselves and sometimes the railroad does it.

The CHAIRMAN. What is the cost of freight from the mine to the smelter?

Mr. BRUSH. From the principal mines to the principal smelters of Mexico it is \$3 gold.

The CHAIRMAN. Per ton of ore?

Mr. BRUSH. Per ton of ore. That would be \$6—it runs about 50 per cent concentrates, and it would mean about \$6 gold on the lead. The freight from the Monterey smelters to New York is \$4 gold, so that the cost of the freight from the Mexico mines to New York is \$10 per ton of lead, assuming that the concentrates shipped were 50 per cent, which is perhaps a little more than they are.

The CHAIRMAN. Put right in there the cost of freight from the Colorado mines to New York.

Mr. BRUSH. The freight from the Coeur d'Alene mines, which produce a very large proportion of all the lead in the United States, to the smelters in Colorado of \$100 valuation, which is the same in Mexico, is \$10 a ton of ore. That would be \$20 a ton of lead. And then the freight on the ton of lead from Denver to New York is \$7; so that the freight, comparing the Mexican principal mines with the Coeur d'Alene mines, is \$10 gold per ton of lead in Mexico and \$27 per ton of lead in the United States.

Mr. HILL. Mr. Allen said that the freight was \$25; that is, \$1.25 a hundred.

The CHAIRMAN. That was from Utah?

Mr. HILL. Yes.

The CHAIRMAN. Mr. Brush did not agree with that statement from Utah.

Mr. BRUSH. It depends upon what you figure. I gave the freight on the bullion. He is giving the freight as it works back to the lead in the ore, and that depends absolutely upon how much per cent of lead is in the ore.

The CHAIRMAN. The entire freight you charge back to the miner you said was \$1.25 a hundred.

Mr. BRUSH. I did not say that. I said the entire freight that we charged back to the miner was the freight we paid from the smelters to New York, which in the case of the Colorado smelters is \$7, and in the case of the Utah smelters it is \$9 to \$10. I am not sure which. That is per ton of lead.

The CHAIRMAN. The Coeur d'Alene districts produce what proportion of lead that runs through your mills?

Mr. BRUSH. The proportion of the country's production—I think the entire production of the Coeur d'Alene district is about 150,000 tons a year of lead, while the entire production of the country is 350,000 tons.

The CHAIRMAN. But is there any smelter nearer the Coeur d'Alene district than your smelters in Colorado?

Mr. BRUSH. There are competing smelters in Colorado and in Utah, and one right in the Coeur d'Alene district itself; and those are the principal competitors for the lead ores in themselves, one right in the Coeur d'Alene district.

The CHAIRMAN. That would save considerable freight, being right in the district?

Mr. BRUSH. They do save freight, but they lose it in other ways.

The CHAIRMAN. They lose because they have to have you refine it?

Mr. BRUSH. No, sir; because they can not get the mixture of ore to smelt correctly. The Coeur d'Alene mines, for instance, to give you an illustration, are owned by large corporations. If they could smelt more profitably themselves right at the mines, then they would not sell the ore to us, for they would put up their own smelters and smelt it.

The CHAIRMAN. They do not own any smelters?

Mr. BRUSH. No; it is not profitable for them to smelt.

The CHAIRMAN. Do you have directors on their boards?

Mr. BRUSH. No, sir; with the exception of one, our company has no interest whatever.

The CHAIRMAN. Is that one Mr. Brush?

Mr. BRUSH. I am not speaking of myself. There is only one mine in the Coeur d'Alene district that our company is in any way interested in, and that is in a very minor way.

The CHAIRMAN. You said that the average freight was \$27?

Mr. BRUSH. Per ton of lead; yes.

The CHAIRMAN. How much is the average freight from the western mining districts on the 350,000 tons they produce?

Mr. BRUSH. Of the 350,000 tons, about 125,000 tons I believe are produced in the State of Missouri, and do not come to the smelting company at all. They there simply melt it down. There are no precious metals in their ores, and consequently they do not need the metallurgical smelting that is necessary with respect to the Rocky Mountain ores. So that the other ores are produced all over the country. Colorado produces now, I believe, about 40,000 tons. A few years ago they produced 60,000 tons. Even with the high prices on lead their product has decreased very largely, because the mines are working out and no new mines have been discovered; and they are running lower and lower in all the mines, not only with respect to lead, but also silver and gold.

The CHAIRMAN. The Missouri mines have no precious metals to help them out. You say that the process of reducing the lead to bullion is much more simple?

Mr. BRUSH. Very much more simple.

The CHAIRMAN. And much cheaper?

Mr. BRUSH. No. If you give credit to the Coeur d'Alene mines for their silver, in other words, you simply throw the silver in as cutting down the cost of making the lead, which I do not think is a fair way to figure, you will find that the lead in the Coeur d'Alene costs on an average, according to the best authorities, 4 cents a pound; and in Missouri, according to the best evidence we can get, it costs about $3\frac{1}{2}$ to $3\frac{3}{4}$, and that is without making any charge for amortization, which ought to be 10 per cent of all the capital.

The CHAIRMAN. That takes into account the precious metals they get?

Mr. BRUSH. Yes; that is giving credit to them for that.

The CHAIRMAN. What is the cost of the lead bullion from the Mexican mines?

Mr. BRUSH. We have to sell at the foreign price.

The CHAIRMAN. I know; but what is the cost—

Mr. BRUSH. Well, I don't know how to tell you that because, as I say, it depends entirely upon whether the mine is 100 feet deep or whether it is 500 feet deep and whether it contains 5 ounces of silver or 25, or whether it contains any gold or not, as to the cost.

The CHAIRMAN. Do you mean to say, as vice-president and general manager of this company, you do not know the average cost?

Mr. BRUSH. I know that the lead is sold at an average of 2 cents a pound at the mine, and the mines, most of them, make money at that. Some of them make a little money and some of them considerable money.

The CHAIRMAN. What do you mean by being sold at 2 cents a pound?

Mr. BRUSH. The mine sells the ores to the smelter at London price less the freight.

The CHAIRMAN. It nets 2 cents?

Mr. BRUSH. It nets 2 cents a pound to the miner. The present price of lead in London is equal to 2½ cents a pound. It costs three-quarters of a cent a pound in freight to get it there. So it brings it down to a net price of 2 cents at the mines.

The CHAIRMAN. Transportation is one-half a cent?

Mr. BRUSH. Three-quarters of a cent.

The CHAIRMAN. From the mine to New York?

Mr. BRUSH. That is about the way it figures out.

The CHAIRMAN. And then in addition to that there is a smelting and refining charge?

Mr. BRUSH. Yes, sir. They have to take all of their cost of mining and smelting and refining out of that.

The CHAIRMAN. And how much is that?

Mr. BRUSH. Well, it is just about the same as it is in America. That is, it is refined—our bullion is refined in America. There is some bullion refined in Mexico. I assume it is refined for less than we can refine it for in this country.

The CHAIRMAN. It is about the same for everything except the cost of labor and freight?

Mr. BRUSH. Yes.

The CHAIRMAN. The freight is higher, but the smelting is the same, practically—

Mr. BRUSH. No.

The CHAIRMAN. And that is the same per pound, deducting the price of the precious metals, because there is none found there, is there?

Mr. BRUSH. I beg your pardon—

The CHAIRMAN. That is the same, deducting value of the precious metals?

Mr. BRUSH. Yes; that goes into the profit of the mine. The profit of the mine depends on the amount of precious metals that they have.

The CHAIRMAN. What did you tell me the difference in market price of lead bullion was between this country and abroad?

Mr. BRUSH. I say this: At times when the country is not producing as much as they need, and have to import, the price will run up to the importation price for the time. That of course is self-evident; but a great deal of the time it is unnecessary to import, and then the

price drops off. So up to the boom time of 1906 the price of lead averaged a little over 4 cents in St. Louis, just about what it is at the present time, which I consider, on a normal basis, about the average price of pig lead in this country.

The CHAIRMAN. And what is it abroad?

Mr. BRUSH. Abroad at the present time it is 2½ in London.

The CHAIRMAN. At the present time?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. But in the same period you were comparing it, you gave us the difference in the price of lead between the price abroad and St. Louis for a number of years?

Mr. BRUSH. It is all on that one sheet that I have left, I think, at the hotel.

The CHAIRMAN. Your company is engaged in smelting and refining ores in bond, so to speak?

Mr. BRUSH. All of the ores that are imported from Mexico are imported in bond; it is all smelted and refined in bond, and since a year ago in April it has all been exported. Now, for a year and a half we have exported every pound of that lead.

The CHAIRMAN. Mr. Allen made some criticism about the amount that you were allowed, I don't know what—

Mr. BRUSH. I can tell you about that.

The CHAIRMAN. For some reason or other in the law—

Mr. BRUSH. The smelter only pays for 90 per cent of the lead that is shown by the assay. That is on the assumption that in the process of roasting, smelting, and refining, the smelter will lose that 10 per cent, and the Government regulation as to drawback, which was made after a careful investigation on the part of the Treasury officials, is acknowledging a wastage of 10 per cent. In other words, they find by an examination of the books of the smelting company and the sworn testimony given by the smelting company that the average loss of lead in smelting and refining is 10 per cent. The consequence is, if you pay duty on lead and bring it in and manufacture it in this country and export the manufactured article, the Treasury Department gives an allowance of 10 per cent, and that is based, as I say, upon careful examination, which has been made three times, during my recollection, in the last six or seven years. Why Mr. Allen should say that statistics show that only 97 per cent is saved is more than I know. I am sure he has not examined the statistics of our company, for instance; I know that.

The CHAIRMAN. How does the rate of profit on the lead which we get from Mexico and refine and sell abroad compare with the profits on the lead you sell in the United States from the mines in the United States?

Mr. BRUSH. We do not have any profit from selling either there or here.

The CHAIRMAN. I do not care how you get it, but the profit to your company from the smelting and refining of ore, and getting it into the market, pound for pound, how does it compare, the lead from Mexico and the lead from the United States that you sell here?

Mr. BRUSH. All smelting in Mexico is done at a lower cost than it is in this country. We do not refine in Mexico, so I do not know how much it costs there. There are refineries in Mexico. We refine in this country, so that the costs I have given for refining are exactly

the same for American bullion and Mexican bullion, except for the difference that the Mexican bullion contains about two and one-half times as much silver and oftentimes five or six times as much gold, and of course the more silver and gold there is in the bullion the more it costs us to refine, the more metal is lost, and the more risk we take.

The CHAIRMAN. You take ore from other mines than those you own in Mexico?

Mr. BRUSH. Very largely. Our mining there is only from inheritance.

The CHAIRMAN. You take it on the same terms that you take the ore from the mines in the United States? I mean you take it in the same way?

Mr. BRUSH. Yes, sir; exactly.

The CHAIRMAN. And make the same charges against the ore that you do with the American ore?

Mr. BRUSH. Exactly. It is exactly the same in Mexico as here. There are some ores taken out at a loss and some are not.

The CHAIRMAN. You may proceed with your statement.

Mr. BRUSH. I think I have finished.

The CHAIRMAN. I did not know whether you had finished or not.

Mr. BRUSH. I believe I have.

Mr. CLARK. One American laborer will do as much work in ten hours as two Mexicans, won't he?

Mr. BRUSH. It depends on the class of American labor.

Mr. CLARK. The average American laborer now, you know what I mean by American laborer, he will do in ten hours, and do it easily, as much work as two Mexicans?

Mr. BRUSH. I think probably that is the case, on an average.

Mr. CLARK. These Poles and Polacks and Slavs you have got out there, are they good, stout men, or are they small, runty fellows?

Mr. BRUSH. Most of them are small.

Mr. CLARK. That is what I thought.

Mr. BRUSH. And they are very slow and very ignorant.

Mr. CLARK. And not 1 out of 15 is a naturalized American citizen?

Mr. BRUSH. That I do not know, but I think that is probably the case, because most of them are men who have not been in this country but a short time.

Mr. CLARK. You never paid any attention to that feature of it?

Mr. BRUSH. No; I simply assumed they could not be.

Mr. CLARK. I had occasion to investigate 2,400 of them once to see how they were going to vote and I found out of the lot only 150 had been naturalized, and I supposed it would run that way all over the country.

Another thing. You say you have no refinery in Mexico?

Mr. BRUSH. Yes, sir.

Mr. CLARK. In what shape do you ship your lead from Mexico to New York?

Mr. BRUSH. In the form of lead bullion, containing silver and gold in solutions and some impurities.

Mr. CLARK. Where are your principal plants?

Mr. BRUSH. You mean smelters?

Mr. CLARK. Yes.

Mr. BRUSH. In Mexico.

Mr. CLARK. No; I mean where are they generally?

Mr. BRUSH. In the United States, you mean?

Mr. CLARK. Yes; I am more interested in the United States.

Mr. BRUSH. One is in Texas and four in operation are in Colorado, and one in Utah, and one in Montana, and refineries at Omaha and Chicago and at Perth Amboy, and each of those refineries does a certain amount of smelting.

Mr. CLARK. What proportion of all the smelting you do is this Mexican ore?

Mr. BRUSH. I could not give you in tons, but in lead——

Mr. CLARK. Well, about?

Mr. BRUSH. In lead we are refining about 15,000 tons of American lead, and we are refining at the present time about 7,500 tons of Mexican bullion, just about one-half. As I said before, the amount that we are refining from Mexico is now greater than it has ever been before.

Mr. CLARK. What makes you keep quoting New York as a standard all the time? Nobody lives much east of New York in the United States.

Mr. BRUSH. For the reason that the contracts are made—the way we make our contracts, giving the whole price to the miner, we have got to use the price of a certain point, and then deduct the freight to that certain point. We choose New York to make the price, and deduct the freight to New York. It would be just as easy to make the price St. Louis and deduct the freight to St. Louis, if it had been the custom to do that, but the other custom has grown up.

Mr. CLARK. We tried our best with one witness who was here to make him tell what we thought was the truth, but we did not succeed in doing it, and that was that you could ship lead from Chicago to San Francisco cheaper than from Chicago to Utah, and he never did admit it, and left this House without admitting it. Well, that is not true, is it?

Mr. BRUSH. You say you can ship lead from Chicago to San Francisco cheaper than from Chicago to Utah?

Mr. CLARK. That is exactly what he stated, and he stated it over and over again.

Mr. BONYNGE. I think that is true.

Mr. BRUSH. It may be true; I don't know anything about it at all. I never knew of any lead being shipped from Chicago to San Francisco, or even to Utah.

Mr. CLARK. Well, I was trying to make him say on cross-examination that he was located out there in Utah better for lead purposes than the Mexicans were, and that the Missouri men were fairly well located, but I could not get it out of him, and nobody else could get it out of him. Several of us took turns at him, and he stuck to it to the end, that Utah was not favorably situated for the purposes of shipping lead.

Mr. BRUSH. Well, it is not. The freights are very much heavier from Utah than from Mexico. The freights on ore from the Rocky Mountain region when carried back to the lead in the ore, comes to \$27, in comparison with \$10 from Mexico.

Mr. CLARK. Where is this Coeur d'Alene lead shipped to? Where is it principally sold and consumed?

Mr. BRUSH. All of the lead of the country is consumed virtually between St. Louis and New York. I do not suppose that there is

1 per cent of the lead consumption of the country west of St. Louis. I mean as pig lead. Whatever is consumed out there is shipped out in the form of manufactured products.

Mr. CLARK. That is between St. Louis and the Pacific coast?

Mr. BRUSH. Yes, sir; because there are no manufacturers of lead that I know of between St. Louis and the Pacific coast.

Mr. CLARK. How do you account for that strange phenomena, when all the lead in the United States, nearly, is gotten between St. Louis and the Pacific coast?

Mr. BRUSH. Simply because the manufacture has grown in that section of the country, and it has not grown up in the other section of the country.

Mr. CLARK. How much are these Mexicans paid; did you say 50 cents?

Mr. BRUSH. Fifty cents a day, whereas in the Coeur D'Alene section they are paid \$3.65 a day of eight hours. That is about 45 cents an hour, as compared with 5 cents an hour.

Mr. CLARK. Could we produce in the United States under any circumstances whatever in your judgment all of the lead that we use?

Mr. BRUSH. Why, I believe that the production of lead is in proportion to the price very largely. Certainly below 4 cents. We have found by experience that one-half of the product of the country was cut off and shut down. As the price increases from 4 cents the production increases, and it is in a regular ratio with the price.

Mr. CLARK. What do you want anyhow, as to this tariff?

Mr. BRUSH. In the first place, I would like to say that I came here upon the invitation of the committee—

Mr. CLARK. I understand; but you certainly have some notions?

Mr. BRUSH. I have, decidedly, and would be glad to state them. I believe if the duty on lead in ore is made less than $1\frac{1}{2}$ cents it will cut off very decidedly the production of pig lead in this country. I believe that a cent and a half duty to-day protection to the miner is not much, if any, better than a cent would have been when the Dingley tariff was put on. And the result is that I believe it would be a very dangerous thing indeed to reduce the duty on lead at all. Now, when you go beyond that, you then come to protect the smelter and refiner, and there has been a protection there to the smelter; there has been no protection to the refiner. I believe there ought to be some protection to the refiner.

Mr. CLARK. The refineries are getting along pretty well now, are they not?

Mr. BRUSH. I will show you why. It is this. When this duty was put on by the Dingley tariff, and the duty on bullion and lead was made the same, there was no pig lead refined in Mexico at that time. If you imported pig lead at that time you had to import it from Europe. The two freights, the freight over and the freight back, the time it takes to get here, the uncertainty of the market, were sufficient protection for the refiner. At the present time, however, lead is refined in Mexico, and the result is we bring our bullion from Mexico and refine it in New York Harbor, at American works costing several million dollars—which we would not build again if we had it to do over again; we would build the works in Mexico—and with American labor paid very much higher than the Mexican labor, and yet we can not sell our lead to New York consumers; they

buy the Mexican lead that is refined in Mexico and brought to New York and sold there——

Mr. CLARK. Why do they buy it?

Mr. BRUSH. Because they can not get the other. There are times when the country wants more lead than the country produces and we have to have more lead. Then, again——

Mr. CLARK. Now——

Mr. BRUSH. I would like to say this right here, if you will permit me.

Mr. CLARK. Certainly.

Mr. BRUSH. They buy it for drawback purposes. They buy it and pay the duty and manufacture it and export the manufactures.

Mr. CLARK. The truth about the whole thing is that Mexican lead doesn't come in except when our supply of lead runs short; is not that so?

Mr. BRUSH. That is what it amounts to except——

Mr. CLARK. I thought so. Now——

Mr. BRUSH. Except to the extent that this lead from Mexico, that is sold for the purposes of manufacturing and export, with the privilege of drawback, comes in; and that is coming in all the time to the extent of 9,000 to 10,000 tons a year.

Mr. CLARK. Now, if all that is true, how does the tariff help in that matter? If the lead only comes in when our stock runs short, then how does Mexican ore come into competition with American ore?

Mr. BRUSH. If you have the price of lead 5 cents, there will be a certain shortage; if you have the price of lead 4 cents, there will be a greater shortage. The shortage will be just so much more, and there will be then so much more imported.

Mr. CLARK. The truth is that there is practically an inexhaustible supply of lead in the United States, is it not?

Mr. BRUSH. No; very far from it. As I stated, there have been no new lead mines discovered of any consequence whatever in the last ten years, and the mines that have been producing are constantly depleting their reserves.

Mr. CLARK. You think you ought to have a little more tariff, then?

Mr. BRUSH. I think the duty on lead ore should remain the same as it is, should not be reduced at all. I think the duty on pig lead can be reduced, because that protection for the smelter is not a necessity.

Mr. HILL. You mean the difference between one and one-half and two and one-eighth?

Mr. BRUSH. That is it. I think that that difference can be cut down. I am saying that as a smelter and a refiner, and I say that against the direct interests of the smelting and refining company. The indirect advantage is, finally, that we are interested in having the American refiner produce as many tons of ore as possible in this country provided it can be sold in this country.

Mr. CLARK. I thought you said a while ago that you thought there ought to be some protection to the refiner?

Mr. BRUSH. I say so now. I think in reducing the tariff on pig lead that it ought not to be reduced as much as on pig bullion. If, for instance, the duty on pig lead was reduced three-eighths,

it would make it $1\frac{1}{2}$, and the duty on lead bullion was reduced so as to protect the American laborer that is refining bullion in this country by one-half cent, it would make the duty on bullion five-eighths.

Mr. HILL. How about lead in the ore?

Mr. BRUSH. I have stated that I think it would be very dangerous to reduce that duty. I believe the duty of $1\frac{1}{2}$ cents now is no more protection than 1 cent would have been ten years ago.

Mr. CRUMPACKER. I would like to know the current value of a ton of lead in the rock at the mine. What is it worth in the market now?

Mr. BRUSH. We pay just whatever the New York price is for the lead—

Mr. CRUMPACKER. I understand; but what—

Mr. BRUSH (continuing). And whatever the London price is for the silver.

Mr. CRUMPACKER. What is it worth by the ton now, the ore in the stone, in the rock?

Mr. BONYNGE. That changes every day, does it not?

Mr. BRUSH. That changes every day according to the prices of silver and lead. To-day the New York price of the American Smelting and Refining Company is 4.30, and they are paid \$4.30 a hundred pounds for 90 per cent of the lead.

Mr. CRUMPACKER. But you have had experience enough to know about what that would be for the lead content of the stone at the mine.

Mr. BRUSH. I have figured it in my early testimony, taking that one mine, which is one of the few mines that were profitable in the Coeur d'Alene when lead was at 4 cents, and which did not close down, and consequently it is an illustration that gives better than an average. I showed that at 4 cents for lead in New York, and 50 cents for silver the mine was making 31 cents a hundred pounds of lead in ore—

Mr. CRUMPACKER. Let me get that in my mind clearly. The ore, then, in the stone at the mouth of the mine is worth 31 cents a hundred pounds?

Mr. BRUSH. Yes, that is about what it nets them at those prices, and that is without making any deduction for amortization.

Mr. CRUMPACKER. What is the ore in the rock worth at the mouth of the mine in Mexico?

Mr. BRUSH. I have not figured that up, but there is this difference: The Coeur d'Alene miner gets 4.30 cents for the lead that is in his ore; the Mexican mines get 2 cents for the lead that is in its ore, so there must be—

Mr. CRUMPACKER. I thought perhaps you had that in mind, so that you could give it readily. I notice the duty of $1\frac{1}{2}$ cents a pound is equivalent to 78.80 per cent ad valorem?

Mr. BRUSH. Is that so?

Mr. CRUMPACKER. Upon lead in the ore.

Mr. BRUSH. The London price?

Mr. CLARK. It is $1\frac{1}{2}$ cents divided by that four.

Mr. CRUMPACKER. Thirty dollars a ton. Well, the Government takes the price that it sold for in Mexico, and it is our duty, and it makes 78.8 per cent ad valorem duty.

Mr. BRUSH. Well, I don't know what it is, but you see the difference in the labor, 5 cents and 45 cents——

Mr. CRUMPACKER. Do you think there is practically 79 per cent difference between the cost of production in Mexico and the United States?

Mr. BRUSH. I know so. I know that lead can not be produced in the United States at 4 cents, except a restricted amount, whereas I know that lead is produced in large quantities in Mexico that only nets them 2 cents.

Mr. CRUMPACKER. And that difference, Mr. Brush, is mainly attributable to the difference in the cost of labor?

Mr. BRUSH. Yes, sir. Well, very largely freight also; there is a very large difference in freight.

Mr. CRUMPACKER. What is the world's price of ore in bullion pig to-day?

Mr. BRUSH. The world's price for lead is £13, was yesterday £13 3 shillings 9 pence, London, which means that it would cost to deliver it in New York——

Mr. CRUMPACKER. What is it worth in London in dollars and cents?

Mr. BRUSH. It is \$2.75 in London—£13.

Mr. CRUMPACKER. That is \$2.75 a hundred?

Mr. BRUSH. Yes.

Mr. CRUMPACKER. We have a tariff, a duty of \$2.125?

Mr. BRUSH. On pig lead, yes.

Mr. CRUMPACKER. Do you think that is a reasonable duty?

Mr. BRUSH. I think that can be reduced; I have so stated.

Mr. CRUMPACKER. How much does it cost to smelt, eliminating now the question of freight, how much is the cost of smelting concentrates, of reducing the concentrates to pig lead or bullion?

Mr. BRUSH. It depends so entirely upon the supply of ores and location that it is almost impossible to give an average. I have before me a statement from East Helena showing a cost there of \$4.38 a ton of all classes of ore. That is, the average on all ore.

Mr. CRUMPACKER. Four dollars and thirty-eight cents a ton?

Mr. BRUSH. That is on all ore. Whereas at the Murray plant it was \$3.25.

Mr. CRUMPACKER. That is, \$3.25 per ton of lead?

Mr. BRUSH. No, sir; that is per ton of ore that is smelted.

Mr. CRUMPACKER. The average is about 50 per cent of lead contained in the concentrate?

Mr. BRUSH. That is the case in most of the large receipts of lead. They are received in concentrates running around 45 per cent. But I am figuring this on all the tons of ore that are smelted, and there are lots of tons of ore smelted with no lead in at all.

Mr. CRUMPACKER. It is safe to say, then, Mr. Brush, that it does not cost more than \$8 a ton for the lead for smelting, calculating that the concentrates run about 50 per cent of lead?

Mr. BRUSH. In this example I gave I used \$3 per ton of concentrates as the cost of smelting.

Mr. CRUMPACKER. Three dollars per ton of concentrates?

Mr. BRUSH. Yes.

Mr. CRUMPACKER. And at 50 per cent it would amount to \$6, but suppose we fix it at \$8. Eight dollars will amply pay the cost of smelting, will it not?

Mr. BRUSH. I should say so.

Mr. CRUMPACKER. And we have a differential to protect this smelter of \$4.50 more than the entire cost of the smelting process?

Mr. BRUSH. Yes.

Mr. CRUMPACKER. You think that is too high?

Mr. BRUSH. Yes, sir.

Mr. CRUMPACKER. Do you think we need any at all, any duty for smelting?

Mr. BRUSH. I think there should be some. It costs very much more to smelt in this country than in Mexico. Why should there not be a protection?

Mr. CRUMPACKER. Let me suggest this thought to you: With practically 80 per cent of duty on the lead content of the ore——

Mr. BRUSH. That has nothing to do with the protection to the smelter.

Mr. CRUMPACKER. It has in this way. It keeps it out of the country. Practically 80 per cent of the duty on lead, there would not be any American lead practically sent to Mexico to be smelted, even if we had no duty at all, no differential at all in favor of the smelter.

Mr. BRUSH. No, I think not; although it might be the case, you can not tell.

Mr. CRUMPACKER. And that duty would be sufficiently high to make it profitable in this country to mine and smelt and refine lead, would it not?

Mr. BRUSH. I come down to this in my thought, and that is, that smelting is done in Mexico at the present time with Mexican ores and Mexican labor, costing very much less than American labor, and Mexican ore is imported here, and I think we ought to give some advantage——

Mr. CRUMPACKER. For what purpose?

Mr. BRUSH. For smelting in this country.

Mr. CRUMPACKER. In bond?

Mr. BRUSH. In bond, yes.

Mr. CRUMPACKER. But suppose now we had no differential at all and the Mexican ore could not come into this country, lead in bullion or pig, without paying \$30 a ton duty. You say that our ores could not profitably be taken down to Mexico. Would there still be profit enough in the mining of lead to justify its production, smelting, and refining here?

Mr. BRUSH. As a matter of fact, only 1½ cents is the protection to the miner, and that is needed. Beyond that is protection to the smelter and refiner.

Mr. CRUMPACKER. Let me ask you this: Is that not sufficient to practically keep foreign lead out of this market?

Mr. BRUSH. We thought that when the duty was placed on it by the Dingley bill that it was not necessary to make any difference between the duty on bullion and the duty on pig lead, but now we find that that is not the case, because they have started to refine in Mexico, and they are refining lead in Mexico, and that refined lead is being marketed in New York at a price so that the American Smelting and Refining Company can sell their lead that is refined.

Mr. CRUMPACKER. And market it in New York for American consumption?

Mr. BRUSH. It is marketed there.

Mr. CRUMPACKER. For drawback purposes, but I mean for American consumption; there is practically no lead coming to this country for our consumption now, is there?

Mr. BRUSH. But the American Smelting and Refining Company would naturally like to sell to the lead consumers in New York the lead they refine rather than have them buy lead that is refined in Mexico.

Mr. CRUMPACKER. What I am anxious to know about is whether this \$30 a ton, levied for whatever purpose, no matter for whose protection it may have been imposed, is not sufficient to practically secure to the American refiner the control of the American market, and incidentally the American refiner and smelter.

Mr. BRUSH. Well—

Mr. CRUMPACKER. Would it not operate that way?

Mr. BRUSH. It possibly might; but, as I say, the illustration is right here now that the lead that is being refined in Mexico is being sold in New York in competition with our American refined lead from Mexican bullion that is refined there in bond.

Mr. CRUMPACKER. How much differential do you think would be safe to remove?

Mr. BRUSH. I think that there should be a differential of one-eighth of a cent between the ore and the bullion, and one-eighth of a cent between the bullion and the pig lead.

Mr. CRUMPACKER. It is now $1\frac{1}{2}$ cents on the ore?

Mr. BRUSH. Yes, sir.

Mr. CRUMPACKER. And you would add one-quarter of a cent; that is, one-eighth for smelting and one-eighth—

Mr. BRUSH. For refining.

Mr. CRUMPACKER. Making the total duty on the refined product $1\frac{1}{2}$ instead of $2\frac{1}{2}$?

Mr. BRUSH. Yes, sir; I think that that could be done without any complaint on the part of the smelters.

Mr. UNDERWOOD. You say you are in favor of increasing the duty on refined lead?

Mr. BRUSH. No, sir; I said I thought the duty on refined lead could be reduced three-eighths of a cent.

Mr. UNDERWOOD. What do you think it should be raised on?

Mr. BRUSH. It is raised simply in comparison. I thought the duty on bullion should be reduced one-half a cent and the duty on pig lead reduced three-eighths of a cent. They both now carry the same duty. So by that means there would be a preferential between the bullion and the pig lead of one-eighth, whereas now there is not any.

Mr. UNDERWOOD. I understand you want that so that the American refiner of foreign ores can sell to the American trade that is doing an export business.

Mr. BRUSH. Yes, sir.

Mr. UNDERWOOD. If we put that differential on there, would not that make the American exporter pay more for his raw material in this country than the manufacturer abroad, and therefore put him at a disadvantage with his competitor abroad?

Mr. BRUSH. No; it would not at all. He would get a drawback of whatever the duty is, which brings it down to the London price. The matter of fact is, by that process the manufacturers in New

York or on the seaboard, or, in fact, out in Pittsburg, are getting their lead at exactly the same price as the manufacturer in Europe. In fact, on account of freight differences, they are sometimes getting it for something less than the manufacturers abroad pay, and there is quite a business being built up of that nature.

Mr. UNDERWOOD. If I understand correctly from your testimony, the lead that is being imported into this country is being exported again?

Mr. BRUSH. Yes, sir. Entirely so. That is, it is all being imported in bond, and then it is all being exported.

Mr. UNDERWOOD. So that under the present duty there is practically no competition with the American lead market for home consumption?

Mr. BRUSH. That is so; yes.

Mr. UNDERWOOD. Then the present duty is prohibitive?

Mr. BRUSH. The present duty is prohibitory so long as this country produces more or as much as it needs. They buy here first. The price would go to the point where it will be produced.

Mr. UNDERWOOD. It is only when the American stock of lead is exhausted that the foreign lead can come in at all?

Mr. BRUSH. That is so; there is no doubt about that.

Mr. UNDERWOOD. Then the duty manifestly is too high, is it not?

Mr. BRUSH. No, sir; I do not think so. My understanding, and the way I was brought up as a protectionist, is that it is the desire of the protectionist that the product of this country should be encouraged up to the point of the necessities for consumption, that we ought to eventually be able to produce everything that we consume.

Mr. UNDERWOOD. You think, then, that the ideal condition to promote American industry—to bring capital and labor up to its highest advancement in the industry—is to prohibit competition from abroad and give the sluggish manufacturer in America the absolute control of the American market, regardless of what anybody is doing abroad?

Mr. BRUSH. No; I do not think that. I do not think that is an economic possibility in my opinion. As soon as it costs so much less than the article brings as to give an abnormal profit, the competition will reduce that price. I know, for instance, take lead, if a price of 5 cents brings out more pig lead than the country consumes, the price will go to 4 cents and cut off production, and will bring about an equilibrium with a fair profit on the cost. As I showed you, the costs are very much larger in this country than they are abroad.

Mr. UNDERWOOD. But looking at it from the standpoint of the consumer, although it may be good policy at times to develop our industries and our manufacturing industries, yet the ultimate result we are striving at is to produce a better and cheaper product for the consumer. That is the only justification of the protective tariff, as I understand it.

Mr. BRUSH. I should think so, although I must say I do not feel competent to carry on a discussion in regard to the economic features of the protection theory.

Mr. UNDERWOOD. If you put a prohibitory duty on any article so that there could be no competition from abroad, you withdraw all desire on the part of the American producer to come up to the best and latest standards of development, do you not?

Mr. BRUSH. I know this; that with the present price of lead, it has varied in accordance absolutely with the production and the demand in this country, based upon the cost; and the cost is abnormal as compared with Mexico, which is our competitor, for the reason that the labor is so much higher now. We can not get over that fact. You put the tariff at a point that is not prohibitory and then lead will not be produced in this country.

Mr. UNDERWOOD. We have a duty of 40 per cent on iron ore, and that is not prohibitory, but the development of iron ore in this country is in a healthy condition.

Mr. BRUSH. There is a surplus of iron ore in this country, but not a surplus of lead ore. I should think you should take these industries—

Mr. UNDERWOOD. Do you not think if there is a surplus of iron ore and not a surplus of lead that the lead man is in a much better condition to compete than the iron man, who has a tremendous supply in this country?

Mr. BRUSH. The reason why there is not a surplus of lead is that it costs so much more to get it, in the way of freight and labor, and because it is deep mining, whereas with iron it is different. I would like to put right in here this feature, that you must not lose track of. Mining is altogether different, and you must see it is entirely different from any manufacturing industry. When I say mining, I mean mining such as lead-silver mining. With iron it is different, as I understand it. They have almost inexhaustible supplies of iron ore, but in the case of lead-silver mining, it starts with a prospect; a man starts out with a prospect and nothing but hope, and there are a hundred prospects to every one mine that proves to be a producer, and out of ten mines that prove to be producers not more than one ever pays. So, unless you have a price that seems to encourage a man to take chances we will have no development of lead here whatever.

Now, if you believe that it is best for the country to buy where you can buy the cheapest and let this country get along without the great mining industry of lead, then that is the thing to do; but the great industry of lead mining takes an enormous amount of labor, pays an enormous amount of freight—

Mr. UNDERWOOD. You are getting very far away from my proposition, Mr. Brush. My proposition did not go to the point of suggesting that we take all the duty off of lead ore or lead. It was that I called attention to the fact that we have got a duty on iron ore, a large amount of which is coming into the country. We have a duty on coal, and a considerable amount of coal is coming into the country. We have a duty on woolen goods, and a considerable amount of woolen goods is coming into the country. Those industries are not languishing; they are in a healthy condition; they are being properly taken care of; their workmen are being employed, and they are not paying a prohibitive duty. As to the development of iron ore, you take a brown iron ore mine, and you drift back into the hill, and your mine may become exhausted. You have spent thousands of dollars on it, perhaps, and you lose it all, because you take the same chances you would in a lead mine or in a copper mine.

Mr. BRUSH. I don't think so, although I don't know.

Mr. UNDERWOOD. Where you have the ore running in strata, like you have with red fossiliferous ore, it may be different; but when you

have a brown ore, that lies in pockets, you have no way to ascertain how much you have, and you may exhaust your supply and lose a large part of what you put in the mine. Yet that industry seems to be prosperous. I want to know why you want a prohibitory duty, a duty that you admit is prohibitive; why should you insist on such a duty when we have not such duties on other lines of industry?

Mr. BRUSH. I do not know any reason why people should import anything that they could get just as cheap here. I am not able to discuss those points. It may be that in those mines you speak of they have to have certain grades of one thing and certain grades of another. That is not so in pig lead. Pig lead is pig lead the world over.

Mr. UNDERWOOD. If you do not know of any reason, I will suggest this thought to you: That although we may apply a protective duty or a revenue duty and there will be developed manufacturing industries here at home and the tariff will be for the benefit of the development, yet in the end the people of the United States have some interest in the matter, and do you not think that they are entitled to a fair competition that will prevent monopolistic prices from growing up in this country?

Mr. BRUSH. As I say, that is a discussion of the tariff question that I do not feel competent to go into. I simply know that the lead industry has been built up under a protective tariff, and with a less tariff that industry would be not destroyed but comparatively destroyed. I know that in the building up of a manufacturing industry our industries have often been able to compete, but in this case I know the lead industry could not—

The CHAIRMAN. The committee will take a recess until 2 o'clock.

(Thereupon, at 11.50 a. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS.

STATEMENT OF EDWARD BRUSH—Continued.

The CHAIRMAN. Mr. Brush, what percentage of the consumption of lead in this country is refined by your corporation?

Mr. BRUSH. The production of lead last year, 1907, was reported to be about 370,000 tons, and we refined about 175,000 tons of domestic lead. That would be virtually 50 per cent.

The CHAIRMAN. What proportion of the Mexican ores does your company refine?

Mr. BRUSH. I believe that the importations now from Mexico are about 9,500 tons of lead, and of that we import about 7,000 tons at the present time.

The CHAIRMAN. That is all that you refine of the production of Mexico?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Do you know what the total production of the Mexican mines is?

Mr. BRUSH. No; that I do not know, but I think that the 9,500 tons is the total. I do not think any lead goes anywhere else than to this country.

The CHAIRMAN. Except what goes to your company?

Mr. BRUSH. Except what comes to this country for refining, or in a refined state to be sold here. I do not know of any pig lead going from Mexico abroad.

The CHAIRMAN. Is there a refinery in Mexico?

Mr. BRUSH. No, sir; we have none there. There is a refinery there owned by a Mexican company.

The CHAIRMAN. The refined lead is sold in the United States?

Mr. BRUSH. That is sold in New York almost entirely. It competes with our lead that is refined here but smelted in Mexico.

The CHAIRMAN. I understood you to say you think there ought to be a protective duty on the refined products?

Mr. BRUSH. Yes, sir. Now that lead is refined in Mexico, with Mexican labor, that competes with the Mexican bullion that is refined in this country, it seems as though that business ought to be protected. It is not protected at all in the present tariff. I think that is a reasonable proposition.

The CHAIRMAN. And yet they only refine about 2,000 tons which come to this country, against our consumption of 350,000 tons?

Mr. BRUSH. They do not even refine that much. I do not think they refine more than 900 tons.

Mr. CRUMPACKER. That is for manufacturers on exportations where they get the drawback?

The CHAIRMAN. I understood him to say that the amounts you refine you get the drawback on—7,000 tons. The margin between 1,000 and 2,000 tons that they refine and bring into this country—

Mr. BRUSH. No; they only refine about 900 tons of that. The rest is bullion brought in and refined at other refineries in this country.

The CHAIRMAN. Is that 900 tons sold in this country?

Mr. BRUSH. Yes, sir.

Mr. CRUMPACKER. For use in this country?

Mr. BRUSH. For manufacture in this country.

Mr. CRUMPACKER. Upon which there is no drawback?

Mr. BRUSH. I think it is very largely used in the manufacture of material to be exported.

The CHAIRMAN. I understood you to say that 1½ cents on lead in ore will amount to about the same protection that a cent amounted to in 1897?

Mr. BRUSH. I think so. I think there is more protection needed now than then, for the reason that the costs are more now than then.

The CHAIRMAN. Then 1 cent a pound in 1897 would have been prohibitive, practically, except for the lead to make up the deficiency in what we produce here?

Mr. BRUSH. I do not think it would have been prohibitive.

The CHAIRMAN. You say now there is no lead imported here except to make up the deficiency in what we produce?

Mr. BRUSH. Naturally the domestic producer fills the market as long as he can.

The CHAIRMAN. They fill it at the same price, do they not?

Mr. BRUSH. Yes.

The CHAIRMAN. And you think the same results would have obtained if there had been only 1 cent a pound on the lead in ore in 1897 in the tariff bill then?

Mr. BRUSH. I think that with a duty of 1 cent a pound in 1897 the miner would have made just as much money as he will now make with a duty of $1\frac{1}{2}$ cents.

The CHAIRMAN. Then the House was right in 1897 in fixing this duty not higher than 1 cent a pound?

Mr. BRUSH. That I do not know. I am simply giving you this as a business situation.

The CHAIRMAN. You did not appear before the Senate Finance Committee at that time?

Mr. BRUSH. No, sir.

The CHAIRMAN. Do you know who did?

Mr. BRUSH. The American Smelting and Refining Company was not in existence at that time.

The CHAIRMAN. No; that was formed in 1899?

Mr. BRUSH. Yes, sir; I believe it was.

The CHAIRMAN. It seems to have been formed in April, 1899.

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And it was made up of some thirteen corporations, was it not?

Mr. BRUSH. About that. I am not sure of the exact number.

The CHAIRMAN. I will not go into the statement of what those corporations were. Do you happen to recollect what the capital was at that time?

Mr. BRUSH. I think that it was \$65,000,000. I am not sure whether it was \$65,000,000 or \$55,000,000.

The CHAIRMAN. I think \$65,000,000 was the proper figure at that time. Then in 1901 they acquired the smelting and refining business of M. Guggenheim Sons, did they not?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Do you know what they paid for that property?

Mr. BRUSH. They paid for the property and for cash——

The CHAIRMAN. Property and what?

Mr. BRUSH. They paid for the property and cash, a certain amount of cash, the remaining stock, the difference between \$65,000,000 and \$100,000,000.

The CHAIRMAN. How was that?

Mr. BRUSH. They paid \$35,000,000 of stock for the Guggenheim properties and a certain amount of cash, if I remember rightly.

The CHAIRMAN. Then in 1905 they acquired the property of the American Smelters' Security Company, did they not?

Mr. BRUSH. No, sir; they took an interest in the American Smelters' Security Company to the extent of a portion of the common stock of the company.

The CHAIRMAN. \$17,751,000?

Mr. BRUSH. Yes, sir; of the common stock.

The CHAIRMAN. That was a majority, was it not?

Mr. BRUSH. That was a majority of the common stock.

The CHAIRMAN. And the American Smelters' Security Company owned a controlling interest in the Federal Mining and Security Company at the time, did it not?

Mr. BRUSH. Yes, sir——

The CHAIRMAN. And also the Utah Security Company?

Mr. BRUSH. I beg your pardon; ask the first question again; I think I was wrong in my answer to that.

The CHAIRMAN. The American Smelters' Security Company at that time owned a controlling interest in the Federal Mining and Security Company, did it not?

Mr. BRUSH. No, sir; it did not at that time.

The CHAIRMAN. It did not at that time, you say?

Mr. BRUSH. No, sir.

The CHAIRMAN. They acquired it subsequently?

Mr. BRUSH. They acquired it subsequently; yes, sir.

Mr. HILL. Is there any objection to Mr. Brush sitting down, Mr. Chairman?

The CHAIRMAN. Certainly not. Be seated, Mr. Brush.

Mr. BRUSH. Thank you, Mr. Hill.

The CHAIRMAN. Your company does not own as much of the United Lead Company as formerly?

Mr. BRUSH. We do not own any of it.

The CHAIRMAN. You do not own any of it?

Mr. BRUSH. No, sir.

The CHAIRMAN. They did own some of it before April 30, 1906. did they not?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. What part of it did they own? How much of it did they own?

Mr. BRUSH. It was comparatively a small amount, but I am not clear in my mind as to what the amount was.

The CHAIRMAN. That you disposed of?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1906?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Now, in the early part of 1907 did your company acquire control of the copper-refining plant in Baltimore owned by Keizer & Co.?

Mr. BRUSH. We made a contract to do so.

The CHAIRMAN. Has that contract been fulfilled?

Mr. BRUSH. No, sir.

The CHAIRMAN. You have not acquired it?

Mr. BRUSH. We have not acquired it as yet. The contract covered a period of about five years.

The CHAIRMAN. You have control of it?

Mr. BRUSH. We expect to have.

The CHAIRMAN. Do you not actually control it now?

Mr. BRUSH. It is managed by the officers of the company.

The CHAIRMAN. Officers of your company?

Mr. BRUSH. No; the officers of the Baltimore company.

The CHAIRMAN. The Keizer Company?

Mr. BRUSH. The Keizer Company, who remain the same as previously, and they operate it for the benefit of the stockholders, and our company has so far acquired about one-fourth of the stock, if I remember rightly.

The CHAIRMAN. And they have a contract by which they are to acquire the whole, say within a period of five years?

Mr. BRUSH. Yes, sir; that is it.

The CHAIRMAN. The capital stock of your company now is how much?

Mr. BRUSH. One hundred million dollars.

The CHAIRMAN. Fifty million dollars common stock and \$50,000,000 7 per cent cumulative preferred?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And the preferred stock has always paid the usual 7 per cent dividend?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Annually?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And the common stock paid dividends of 1½ per cent per quarter from January, 1904, to July, 1905?

Mr. BRUSH. That is my recollection. I am not clear as to the exact dates.

The CHAIRMAN. And from October, 1905, to April, 1907, they paid 1½ per cent quarterly?

Mr. BRUSH. Yes, sir; I believe so.

The CHAIRMAN. Then on July 15, 1907, they paid 2 per cent?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And you say this last year the dividends on the common stock were cut down to 4 per cent?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Now, in addition to that, you have been paying out of the earnings of the company for the property acquired, have you not?

Mr. BRUSH. For the property acquired?

The CHAIRMAN. Yes. For instance, in buying in some of these companies you have assumed some bonds?

Mr. BRUSH. In the original organization of the American Smelting and Refining Company there were bonds in existence against the Omaha plant which were assumed by the American Smelting and Refining Company.

The CHAIRMAN. How much were those?

Mr. BRUSH. They amount now to about \$300,000. I think at the time they were something like \$900,000, but I am not sure of the amount. That was nine years ago.

The CHAIRMAN. Did you assume any other bonded indebtedness?

Mr. BRUSH. No, sir; and no bonds have ever been issued.

The CHAIRMAN. You have an item in your report of investments in 1906 of \$4,179,000. What was that investment?

Mr. BRUSH. Well, a part of it was the United Lead Company stock that you mentioned. I can not from recollection tell you what the balance was.

The CHAIRMAN. It does not include the 177,500 shares of American Smelters' Security Company stock of a par value of \$17,750,000?

Mr. BRUSH. No, sir; that has never been given any value on the books of the company.

The CHAIRMAN. How much did that cost you?

Mr. BRUSH. It cost us a guaranty.

The CHAIRMAN. It cost you what?

Mr. BRUSH. It cost us a guaranty.

The CHAIRMAN. How much was that?

Mr. BRUSH. The guaranty was the principal and the interest on \$30,000,000 of 1½ per cent cumulative preferred stock.

The CHAIRMAN. That you never have inventoried as a part of your capital?

Mr. BRUSH. No, sir; because it is problematical as to its worth. It never has had any earnings, never has paid any dividends, and we do not know when it will.

The CHAIRMAN. American Smelters' Security Company: what does that mean? What was the property of that company?

Mr. BRUSH. It purchased a number of properties in Mexico and in this country. It purchased the smelting works at San Francisco of the Selby Smelting and Lead Company, and the stock of the Tacoma Smelting Company at Tacoma, the stock of the Federal Lead Company, of St. Louis, and the stock of the Velardena Smelting Company, of Mexico, and all mining properties except the gold-mining properties of the Guggenheim Mining Company in this country, and also a certain amount of cash which, I think, was something like \$5,500,000.

The CHAIRMAN. Were those companies competitors of yours before they were purchased?

Mr. BRUSH. In a very distant way. The mines were producers and not competitors. The only smelting plants purchased were those in San Francisco and Tacoma. They deal entirely with ores of the Pacific coast and do not compete with the ores on this side of the Rocky Mountain region, and vice versa. The business is very much by itself. The business of the Selby Smelting and Lead Company is only a minor degree in lead. It is mostly in precious metals. It has a gold product of \$35,000,000.

The CHAIRMAN. Does this security company own all the stock of those various corporations?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Then they own, of course, all the property?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And your company owns the security company?

Mr. BRUSH. They only own \$17,000,000 of common stock out of a total capitalization of \$77,000,000.

The CHAIRMAN. They own that part of it?

Mr. BRUSH. That is all.

The CHAIRMAN. Who owns the rest?

Mr. BRUSH. It is owned all over the country and all over the world. It is very largely owned abroad in Amsterdam.

The CHAIRMAN. What dividends does that pay?

Mr. BRUSH. Five per cent cumulative.

The CHAIRMAN. Has that been true ever since the purchase?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And those companies are being run, I suppose, and doing business, all of them?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Are you able to state what the profits are in comparison with the amount of dividends paid?

Mr. BRUSH. The profits have been to this date just about equal to the dividends. There is a very slight surplus—less than \$200,000.

The CHAIRMAN. Then you own an asset of \$17,500,000 of stock which is paying a dividend of 5 per cent?

Mr. BRUSH. No; I beg your pardon. That is common stock, and never paid any dividend.

The CHAIRMAN. That is common stock, and never has paid any dividends?

Mr. BRUSH. No, sir.

The CHAIRMAN. The preferred stock pays dividends?

Mr. BRUSH. The only dividends paid have been on the preferred stock, which we do not own.

The CHAIRMAN. You do not own any preferred stock?

Mr. BRUSH. No, sir.

The CHAIRMAN. How much actual money has been put into the American Smelting and Refining Company since it was organized in 1899, by the stockholders? I mean, of course, outside of the earnings.

Mr. BRUSH. That I could not remember. My impression is that in connection with the acquirement of the Guggenheim properties in 1902 they turned over something like \$5,000,000 in cash.

The CHAIRMAN. Five million dollars?

Mr. BRUSH. Yes. I do not know of any other cash being turned into the company since its organization except such as came from the earnings.

The CHAIRMAN. How much stock did you issue in payment for the Guggenheim interests?

Mr. BRUSH. Thirty-five million dollars.

The CHAIRMAN. Forty million dollars altogether?

Mr. BRUSH. No, sir; \$35,000,000 altogether.

The CHAIRMAN. And \$5,000,000 in cash?

Mr. BRUSH. That is the \$35,000,000 paid for the \$5,000,000 in cash and the property.

The CHAIRMAN. But you got \$5,000,000 in cash in the bargain?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. But I mean what money you put into your company.

Mr. BRUSH. That came in in that way by the issuance of stock. I do not know of any other money coming in.

The CHAIRMAN. Was that common or preferred stock that they got?

Mr. BRUSH. Both; one-half of each.

The CHAIRMAN. Do you remember any other cash that has been put into this company?

Mr. BRUSH. I do not remember any other; no, sir.

The CHAIRMAN. The rest of it is in property?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And property at a valuation?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And the values put upon the property at the time of purchase equaled \$100,000,000 of stock?

Mr. BRUSH. Yes, sir; that is, less the cash.

The CHAIRMAN. What is that?

Mr. BRUSH. Less the cash. The properties were equal to—well, I will put it the other way. The capital stock was equal to the property and the cash.

The CHAIRMAN. How much cash did you acquire with all these properties?

Mr. BRUSH. My recollection is \$5,000,000 in each instance; at the organization \$5,000,000, and at the Guggenheim acquirement \$5,000,000.

The CHAIRMAN. That is all the cash you got?

Mr. BRUSH. That is my recollection. I am not sure about those points.

The CHAIRMAN. You have enlarged your various plants since then, have you not?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. To what extent—how many million dollars?

Mr. BRUSH. I could not remember. The annual reports show the amounts we have expended each year.

The CHAIRMAN. Can you give us some idea of what amount was put in the way of improvements out of the earnings of the company since the organization in 1899?

Mr. BRUSH. It would be a very rough guess, a very rough guess. It might be another \$5,000,000.

The CHAIRMAN. Not more than that?

Mr. BRUSH. I do not think so, sir.

The CHAIRMAN. Altogether?

Mr. BRUSH. That is my recollection at this moment.

The CHAIRMAN. You had in 1906 a surplus of \$10,482,000?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. What is the surplus to-day?

Mr. BRUSH. About \$14,000,000.

The CHAIRMAN. About how much?

Mr. BRUSH. About \$14,000,000.

The CHAIRMAN. You have increased that about \$4,000,000 in the last year?

Mr. BRUSH. No; in the last two years. It was in April, 1906, and that is about two and one-half years.

The CHAIRMAN. Are those annual reports made as of the 1st of January of the year in which they are made?

Mr. BRUSH. They are as of the 30th of April of each year.

The CHAIRMAN. Since the 1st of April, 1906, you have increased about \$4,000,000?

Mr. BRUSH. Yes, sir; and that is about two and one-half years. Last year there was nothing added to the surplus.

The CHAIRMAN. Do you go ahead and fix the price at which you buy ore and do the other companies follow?

Mr. BRUSH. At which we buy ore?

The CHAIRMAN. Yes.

Mr. BRUSH. No, sir; I do not think there is any following about it. The price at which ore is bought is supposed to be a secret; that is, we buy usually on a sealed bid, or if it is not a sealed bid it is a negotiation with the seller in which we know nothing about what our competitors offer, except such as they may tell us.

The CHAIRMAN. Those facts about the organization of your company were thrashed out in a lawsuit, were they not, about the time you took on the Guggenheim property, when some of the stockholders tried to obtain an injunction?

Mr. BRUSH. The fact was that an injunction was asked for, which was not granted, I believe. Whether any facts were brought out at

that time I do not know. There were a great many statements made which I think were very wide of the facts.

The CHAIRMAN. It would seem there was a temporary injunction, which was afterwards dissolved by the court.

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And I have a statement that the facts appear in the affidavits that were filed at the time of the dissolution of the injunction—

Mr. BRUSH (interrupting). I doubt whether they were facts, sir.

The CHAIRMAN. What is that?

Mr. BRUSH. I doubt whether they were facts simply because they were stated in the affidavits, except as they were affidavits made by our company. Those, of course, were facts.

The CHAIRMAN. A temporary injunction was obtained by some disgruntled stockholder—

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Who did not believe in the transfer?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. The management of the company did?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. And the management of the company introduced affidavits to get rid of the temporary injunction?

Mr. BRUSH. Those were correct.

The CHAIRMAN. You do not mean to say the managers of the company did not give the facts?

Mr. BRUSH. No, sir; those were correct, but they were affidavits made by the applicants, which I do not think contained facts.

The CHAIRMAN. Of course, an examination of those papers which the committee may go over some time, may show that?

Mr. BRUSH. I do not think the committee will know.

Mr. GAINES. The injunction was not sustained on those affidavits?

Mr. BRUSH. No, sir.

Mr. CLARK. The fellow that swore your way was all right and the fellow that swore the other way was all wrong?

Mr. GAINES. That is the way the court looked at it?

Mr. BRUSH. That is the way the court looked at it; yes, sir.

The CHAIRMAN. I understood you to say that you thought possibly there might be a reduction of the duty on refined ore of three-eighths of 1 cent.

Mr. BRUSH. I think I ought to say that I stated that because I have the feeling that the committee wants to reduce the tariff. Whether that is the case or not I do not know. I thought that there was a general talk through the papers that it was the proper thing to do. I thought under those circumstances that I would suggest what could be done in connection with the tariff that would be the least damaging.

The CHAIRMAN. I can answer for only one member of the committee. I thought in 1897 that this duty as proposed in the Senate amendment was altogether too high: that the 1 cent a pound that the House then offered in their bill was high enough. You seem to confirm that. Believing that, I believed also that the duty placed upon refined ore by the Senate was also too high. Now I am investigating to find out whether I was right then and whether the same condi-

tions exist now. Of course, there is no concealment about what my feeling was then.

Mr. BRUSH. My object is——

The CHAIRMAN (interrupting). I am sitting in review and trying to ascertain the facts, without intimating whether it ought to go up or down. You suggested a reduction of three-eighths of a cent, which you thought would not destroy the industry——

Mr. BRUSH. On pig lead.

The CHAIRMAN. That you could still supply this market, so far as the American production was concerned, and would only have to call on the foreigner to produce enough to make up the deficit in the total amount that the people of the United States consumed?

Mr. BRUSH. And that will not be anything. It has not been anything for the last eight months.

The CHAIRMAN. Then, three-eighths of 1 cent would protect, according to your idea of protection, the American market?

Mr. BRUSH. I believe so; yes, sir.

The CHAIRMAN. And your idea of protection is a protection that gives the whole market to the Americans every time?

Mr. BRUSH. That is the tendency. That is what every business man wants. Every manufacturer wants to-day as much business as he can get.

The CHAIRMAN. And you, being a business man, believe in that principle?

Mr. BRUSH. Exactly. I want to do as much business as I can.

The CHAIRMAN. How much more than three-eighths of 1 cent could it be reduced to bring into equal competition the American and the foreign products?

Mr. BRUSH. Well, the crucial test is on the ore.

The CHAIRMAN. What is that?

Mr. BRUSH. The crucial test is with reference to the ore. I believe that a duty of $1\frac{1}{2}$ cents is absolutely necessary to the welfare of our producers in this country. When you go beyond that you are not necessarily protecting the ore producer. You are protecting the manufacturer.

The CHAIRMAN. No; I do not agree with you on that. If there is a difference in the cost of the smelting and refining, and the protection on the lead in ore or crude material is ever so high, it is not protective unless it is sufficiently high to make up the difference in the cost of labor in producing the ore and smelting and refining both. In other words, if you put 10 cents a pound on lead in the ore and one-half cent a pound on the refined article, in the end you would have the refined article coming in here and cutting down the price of both the refined article and the crude ore. So I can not agree with you on that proposition.

Mr. BRUSH. There is no doubt about that. I was assuming it would not be less than the raw material.

The CHAIRMAN. You say three-eighths of 1 cent a pound. Would the three-eighths of 1 cent allow you to bring in your Mexican ore here and undersell the domestic article?

Mr. BRUSH. No, sir. The $1\frac{1}{2}$ cents applies to that, does it not?

The CHAIRMAN. It does, so long as you control all smelting and refining.

Mr. BRUSH. That we do not do.

The CHAIRMAN. But if that slips away from you and somebody else comes in on it, the 1½ cents would not allow that.

Mr. BRUSH. No ore can be brought in without paying 1½ cents duty. Up to that point it is kept in the other country for smelting.

The CHAIRMAN. Did you find your figures that you were asked for this morning?

Mr. BRUSH. Yes, sir [handing paper to the chairman].

The CHAIRMAN. Those are the prices per hundred, are they not?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. I find that in 1900 the excess value of domestic product was 5 cents?

Mr. BRUSH. Yes, sir; 5 cents a hundred pounds.

The CHAIRMAN. And in 1901 it was \$1.26 per hundred?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1902 it was \$1.27?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1903, \$1.37?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1904 it was \$1.34?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1905 it was \$1.34?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1906 it was 51 cents?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. In 1907 it was 91 cents?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Is this all refined?

Mr. BRUSH. Yes, sir; those are prices on refined lead averaged over the year.

The CHAIRMAN. The prices are fixed on European lead and domestic lead, both delivered at St. Louis?

Mr. BRUSH. Yes, sir; that is correct.

The CHAIRMAN. And the foreign lead delivered to St. Louis without the payment of the duty?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. Very well; I will put these figures in the record.

Mr. BRUSH. I would like to say, in reference to those, that they are averages. There are periods when the differences were more and there were periods during the years when the differences were less.

The CHAIRMAN. I noticed in your paper containing these figures you say the average for the year, and that is the reason I did not call particular attention to it.

Mr. BRUSH. I think there are two things you will observe from that. One is that the average price of American lead is nothing like the difference that could be made by the amount of the duty. It is nothing like the duty.

The CHAIRMAN. The duty is not added to the price to the full extent of 2½ cents a pound?

Mr. BRUSH. Very far from it.

The CHAIRMAN. Yes; very far from it.

Mr. BRUSH. Nevertheless, I want to make this point also: That if the duty had been less there would have been periods when the foreign market was glutted, and when our prices would stand it or our

market would stand it they would have flooded this country with lead and it would have been here and it would have displaced the American production through the year just to that extent. So that although the average rate is nothing like the duty over and above the foreign price, yet the duty is needed to keep the importations out at certain periods.

The CHAIRMAN. The highest difference in price, if I remember correctly, was \$1.27 for any one year.

Mr. BRUSH. One dollar and thirty-seven cents.

The CHAIRMAN. In what year was that?

Mr. BRUSH. In the year 1903 it was \$1.37.

The CHAIRMAN. And the duty was $2\frac{1}{2}$ cents?

Mr. BRUSH. Yes, sir.

The CHAIRMAN. That is \$2.125 per hundred pounds?

Mr. BRUSH. Yes, sir.

Mr. CLARK. Mr. Brush, what part of the entire product of the American product do you control?

Mr. BRUSH. About 50 per cent.

Mr. CLARK. No more than that?

Mr. BRUSH. I believe not, sir.

Mr. CLARK. That practically controls the whole thing, does it not?

Mr. BRUSH. It does to this extent, that usually the price of other sellers will conform to the price that we take, for the reason that we are trying to get business, and if we do not get business at one price we put the price where we can get business.

Mr. CLARK. Does this 50 per cent include the output of your subsidiary or co-related companies?

Mr. BRUSH. Yes, I believe it does, because they are very slight indeed.

Mr. CLARK. The truth about the thing is that you control so much of it that you are absolute masters of the situation, and if these smaller men undertake to get business by underselling you you can undersell them so much you set them afoot?

Mr. BRUSH. No, sir; they are masters of the situation to this extent, that it makes no difference what our price is, if they have a surplus over what they can sell at our price, they cut our price and sell it; it makes no difference what our price is, and they constantly do it.

Mr. CLARK. There are only two steps in this lead business after you get the ore—smelting and refining. That is true, is it not?

Mr. BRUSH. Yes, sir; the various processes in connection with smelting and refining.

Mr. CLARK. Is that all done in one place?

Mr. BRUSH. No, sir; it is done in two places.

Mr. CLARK. You stated this morning in answer to questions asked, that you practically fixed the price of lead. I want to ask you again—

Mr. BRUSH (interrupting). That might be misinterpreted.

Mr. CLARK. It might be what?

Mr. BRUSH. It might be misinterpreted, I think.

Mr. CLARK. Do you want to make an explanation?

Mr. BRUSH. I did make an explanation just now. One-half of that lead is sold by other people, and they always sell their lead. If they can sell it at our price they will do so. If they can not sell

it at our price—if there is a surplus so that naturally the laws of supply and demand bring about a lower price—they immediately cut our price and sell it, whatever that price may be.

Mr. CLARK. Do you not have the situation so thoroughly in hand that the law of supply and demand has nothing to do with it?

Mr. BRUSH. No, sir; that is not so. The price of pig lead is absolutely governed by supply and demand.

Mr. CLARK. I asked that a moment ago for the purpose of asking another question. Is it not true that you fix the price at the other end of that operation by fixing the price of the ore to the miner himself?

Mr. BRUSH. No; the outcome of the miner depends on the amount charged him for the process of smelting and refining. That, as I have stated, is a matter open to very sharp competition at all points.

Mr. CLARK. How much does it cost to buy a smelter?

Mr. BRUSH. That I do not know. We have just completed—that is, the Securities Company has just completed—not completed either, but almost completed—a smelter near Salt Lake City, on which has been expended over \$6,000,000, and it is not completed yet.

Mr. CLARK. How much does it cost the refinery to use up the product of that smelter, or does one refinery use up the product of a great many smelters?

Mr. BRUSH. It ought to have more than one smelter supply.

Mr. CLARK. It resolves itself finally to the fact that a man might discover the richest mine in the world and not be able to deal with anybody as to the ore except you and these other fellows that have smelters and refineries now, because he would not have money enough to build a smelter and refinery?

Mr. BRUSH. No, sir; all you have to do is to show you have a profitable transaction and there is no trouble in getting the money. The largest mine in the Coeur d'Alene is owned by very prominent capitalists in New York City and San Francisco, and a smelting plant of \$10,000,000 would not trouble them at all.

Mr. CLARK. I will ask you a question about that. Did they not gobble up that mining property simply because the owners of it did not have money enough to work it advantageously?

Mr. BRUSH. No, I think not. I am not acquainted with the way these people became interested in the property, but my understanding is that the original people are still interested, and that they simply have brought in other capital from time to time as they needed to develop their mines and build their concentrators and carry on their work, which is a very large one.

Mr. CLARK. This Mexican ore that you bring in for your uses concentrates, I understand?

Mr. BRUSH. Yes, sir.

Mr. CLARK. Do you bring that in and smelt it and refine it for the foreign trade entirely?

Mr. BRUSH. Absolutely. It is all done in bond.

Mr. CLARK. That Mexican ore which you bring in is never precipitated into the American market?

Mr. BRUSH. I would not say never. It has not been in the last eighteen months.

Mr. CLARK. You bring your ore from Mexico by water, except that one hundred and twenty-odd miles from Monterey?

Mr. BRUSH. No, sir. The principal amount of ore brought in from Mexico is brought in at El Paso, Tex., and smelted there.

Mr. CLARK. Is it shipped out again?

Mr. BRUSH. Part of the bullion is shipped to Chicago and refined there in bond and then is shipped in bond from Chicago to New York or Baltimore or Boston and exported from those ports.

Mr. CLARK. Why do they bring it into the United States to treat?

Mr. BRUSH. Simply because there happens to be a smelter there. If that smelter was not there, we would not be able to smelt that.

Mr. CLARK. If it is so easy to build a smelter and refinery, why does not some one build one down in Mexico?

Mr. BRUSH. I could not tell you why other people do not do it. I know why we do not do it. We have our works already built here. We would have to sacrifice that value, which is a very large one, and we can not use it jointly with some domestic business, and if we only had the domestic business it would be running on a small scale; and any works running on a small scale runs at a very greatly increased cost. That is the reason that prevents us from closing up the foreign business in this country and going to Mexico.

Mr. CLARK. Is there a refinery at El Paso, as well as a smelter?

Mr. BRUSH. No, sir.

Mr. CLARK. How far is it from El Paso to water transportation?

Mr. BRUSH. It goes to Chicago to be refined.

Mr. CLARK. Suppose they did have a refinery at El Paso, how far is it from El Paso to navigable water?

Mr. BRUSH. It could be shipped from New Orleans.

Mr. CLARK. Do they not strike the Gulf closer than that?

Mr. BRUSH. There is no transportation from the Gulf that will carry the lead as it must be shipped, and to the ports to which it must be shipped. At one time, before the organization of the American Smelting and Refining Company, there was a refinery at Kansas City, and I sold the product of that refinery, and I tried very hard to ship from Kansas City by the Gulf, at a time when they needed pig lead for ballast for the steamers going out from the Gulf, and I found it impossible on account of the irregularity of the running of the steamers and the fact that the steamers would not run to ports where I had to sell the lead.

Mr. CLARK. Is it not a fact that Americans run about everything worth having in Mexico?

Mr. BRUSH. This refinery I spoke of is owned entirely by Mexicans. There are very large interests in Mexico represented by Spaniards and Frenchmen and Germans. The German influence in Mexico is increasing.

Mr. CLARK. What I am trying to get at is this: Every time we get a man in here who testifies about the cost of something in this country somebody comes in and says it can be done so much cheaper in Mexico, and this has caused me to wonder why somebody does not start a smelter and refinery in Mexico and save this long journey from Mexico to El Paso and from El Paso to New York.

Mr. BRUSH. There are a great many strange things about the smelting and refining business. I would like to say to you that at one time the American Smelting and Refining Company had a lease

on a smelter and mine in Peru. It was a very profitable mine. It was principally a silver mine, but it had some lead. We were very much in need of that particular class of ore in Colorado. The smelter was closed and never was run since, and that ore was shipped by rail across Chile and by steamer from Chilean ports around the Horn into the Gulf of Mexico, landed at Galveston, and went by rail from Galveston to Denver, was smelted at Denver, and the bullion was refined in Omaha, and the silver shipped from Omaha to New York, from New York to London, and from London to India before it was consumed. It paid better to smelt it there with all that transportation than it did to smelt it in South America.

MR. CLARK. Is not the real reason you keep out of Mexico because of the conditions with reference to safety of life and property down there?

MR. BRUSH. We never have had any thought of jeopardy of that sort. A great many of the laws of Mexico are as good as the laws in this country, and we never have had the least trouble from any riot or danger of that sort.

MR. BONYNGE. Are you familiar with the prices of lead and the production of lead from the years 1894 to 1897?

MR. BRUSH. You mean for the entire country?

MR. BONYNGE. Yes.

MR. BRUSH. I believe I have them; yes.

MR. BONYNGE. Or for any section of those years?

MR. BRUSH. 1904, for the entire—

MR. BONYNGE. From 1894 to 1897, I said, when the duty was three-quarters of one cent a pound on lead. Do you know anything about the production of lead in the United States at that time?

MR. BRUSH. I think it would be a fair guess that it was not more than one-half what it is now.

MR. BONYNGE. You have not any figures here?

MR. BRUSH. I have no figures here, no, sir; but they can be obtained very readily from the Geological Survey.

MR. BONYNGE. Do you know what the average price in those years was from 1894 to 1897 in the United States?

MR. BRUSH. It went as low as \$2.40 to Chicago.

THE CHAIRMAN. It went how low?

MR. BRUSH. Two dollars and forty cents, Chicago.

MR. BONYNGE. Two dollars and forty cents, Chicago?

MR. BRUSH. Yes, sir. I remember a large transaction took place at \$2.40, Chicago. I remember also the fact that lead was carried in New York at 2 cents by bankers.

MR. BONYNGE. Were you in the same business then that you are engaged in now?

MR. BRUSH. Yes, sir.

MR. BONYNGE. What was the effect of that price upon the lead-mining industry in the United States during those years?

MR. BRUSH. It had no doubt a very discouraging effect.

MR. BONYNGE. Did it have the effect of closing down mines that could not do work with a profit?

MR. BRUSH. I do not want to say that, because I have no detailed information; but it must have done so, because the product was very much curtailed.

Mr. BONYNGE. What has been the highest price of lead from 1897, the year the Dingley bill was passed, until the present time?

Mr. BRUSH. Six cents, New York.

Mr. BONYNGE. When was that?

Mr. BRUSH. In the fall of 1906, if I remember rightly.

Mr. BONYNGE. What was the production of lead in the United States at that time? Can you tell me that?

Mr. BRUSH. The year 1906 the production of lead was 350,000 pounds.

Mr. BONYNGE. How much is it now?

Mr. BRUSH. It was also reported for the year 1907 as 350,000 pounds.

Mr. BONYNGE. What is it now?

Mr. BRUSH. In the spring of this year it was at the rate of just about one-half that. Our receipts of lead were cut off when lead went below 4 cents; cut off by about one-half.

Mr. BONYNGE. By about one-half?

Mr. BRUSH. Yes.

Mr. BONYNGE. Due to the lack of supply of the United States or to the fact that the mines could not be operated at a profit at the price at which lead was selling that spring?

Mr. BRUSH. They could not be operated at a profit at those prices.

Mr. BONYNGE. So when the price goes down to a point at which American miners can not produce the lead at a profit, the result is they simply close the mines?

Mr. BRUSH. Yes, sir; naturally they have to.

Mr. BONYNGE. And at what price do you say lead has to stand in order to get the best production of lead in the United States?

Mr. BRUSH. I know that many of the large producing mines intimated last year to us that if we would not pay them 4 cents for their lead they could not afford to produce it. They could not make any money, but would lose money, at 4 cents, and they proved it by closing down. It is a very serious matter for a mine to close down. They have to keep up their pumping and timbering, and all their general expenses keep up. Those expenses all go on with no income, and the mine does everything before it will close.

Mr. BONYNGE. Is it a fact that the cost of production of lead in the different mines varies at each separate mine?

Mr. BRUSH. Absolutely.

Mr. BONYNGE. And according, also, to the price of lead the relative cost of production also varies with the price of lead, which varies every day of the year, does it not?

Mr. BRUSH. It varies every day, and it varies with silver also.

Mr. BONYNGE. The cost of the production depends on the amount of lead in the ore and also the amount of silver that may be in connection with that lead ore?

Mr. BRUSH. Yes, sir; that is it, and the price.

Mr. BONYNGE. If the price of lead gets below 4 cents then, it is not a diminution in the profit to the lead producer, but they simply have to close their mines? Is that a fact?

Mr. BRUSH. Yes, sir; that is a fact.

Mr. BONYNGE. If the duty of $1\frac{1}{2}$ cents were to be reduced to 1 cent a pound, what, in your judgment, would be the effect upon the production of lead in the United States?

Mr. BRUSH. I do not see how it would be possible to hold the price of lead at 4 cents under those circumstances, and at 4 cents we have agreed that the production would be seriously curtailed.

Mr. BONYNGE. The tendency to increase the production would be to lower the price, would it not?

Mr. BRUSH. Yes, sir; it has repeatedly done so. It has always done so.

Mr. BONYNGE. So if the duty were high enough to encourage the production of all the lead that could be produced in the United States we might get to the point where we would have more lead produced than there would be demand for, which would necessarily tend to a reduction of the price of lead?

Mr. BRUSH. It does so happen. It is not made by the duty more than one-sixth of the time. The rest of the time the price of lead is made by supply and demand. During that one-sixth of the time, which may be one-fourth of the time, a tremendous amount of lead could be flooded into this country, and would be here, and simply displace the production of domestic lead.

Mr. BONYNGE. If the price is not high enough to encourage the mining of lead in the United States, what is the effect upon the price of lead to the consumer?

Mr. BRUSH. I do not believe I understand your question.

Mr. BONYNGE. If the duty is not high enough on lead in ore to encourage lead mining in the United States, what would be the effect upon the price of lead to the consumer in the United States? Would it not result in less lead being produced in the United States, for one thing?

Mr. BRUSH. Certainly; there is no doubt about that.

Mr. BONYNGE. Would not that tend to increase the price or increase the importation of lead from foreign countries?

Mr. BRUSH. It would result in importations from foreign countries.

Mr. BONYNGE. And a closing down of the mines that could not be worked at that price?

Mr. BRUSH. Certainly. Every reduction, in my opinion, below $1\frac{1}{2}$ cents duty will result in increasing importations and decreased production in this country without regard to consumption in this country.

Mr. BONYNGE. How much of the smelting company business is the lead business? What percentage of your business is lead?

Mr. BRUSH. Out of a total value of our products of \$90,000,000 the pig-lead product is something less than \$20,000,000.

Mr. BONYNGE. About two-ninths?

Mr. BRUSH. About that; yes, sir.

Mr. BONYNGE. What does the other business consist of?

Mr. BRUSH. Gold and silver and copper.

Mr. BONYNGE. So these dividends you have been paying on stock, about which the chairman inquired of you, did not all come from your lead business?

Mr. BRUSH. A very small proportion, if you make a proper statement of affairs, I think.

Mr. BONYNGE. A very small proportion of it came from lead?

Mr. BRUSH. I think so.

Mr. HILL. You said this morning that the average cost of lead here was 31 cents a hundred in the United States.

Mr. BRUSH. I think you must have misunderstood me.

Mr. HILL. What was it you said was 31 cents a hundred, or \$6.20 a ton?

Mr. BRUSH. I gave the total figure of the cost of producing 100 tons of lead from a certain mine in the Coeur d'Alene district, giving every expense, and 31 cents was the profit to the mine.

Mr. HILL. Profit to the mine?

Mr. BRUSH. Yes, sir.

Mr. HILL. Is there any average cost of the lead in the ore—that is the way you buy it?

Mr. BRUSH. No; we do not. We buy the ore. We pay for all the metals in the ore—whatever they are—the full market price.

Mr. HILL. You base your price on what your estimate of the contents is?

Mr. BRUSH. We make a working charge which is entirely dependent upon all the contents of the ore.

Mr. HILL. You assume and buy the Mexican ores on the same basis as that on which you buy in the United States?

Mr. BRUSH. Except as to the price of metals.

Mr. HILL. Except as to the price of metals?

Mr. BRUSH. Yes.

Mr. HILL. You take that ore not only from your mine in Mexico, but what you buy in the market, and you ship it to New York?

Mr. BRUSH. Yes, sir.

Mr. HILL. You there refine it?

Mr. BRUSH. Yes, sir.

Mr. HILL. And then you export it?

Mr. BRUSH. Yes, sir.

Mr. HILL. And with that product you compete in competitive markets in Europe?

Mr. BRUSH. Yes, sir.

Mr. HILL. With what countries?

Mr. BRUSH. The other producers of lead are Spain, Germany, and England, so far as smelting is concerned. So far as the actual producer from the mines, Australia is a very large producer, but their ore is sent almost entirely to Europe to be smelted and refined.

Mr. HILL. The lead you produce from Mexico competes with those mines?

Mr. BRUSH. Yes, sir.

Mr. HILL. One of the things which I have not been able to get clear in my mind this morning is if you can smelt and refine the Mexican ore here in bond and sell it in competition with the other countries that have no duty in Europe, why you should need a protection on smelting and refining here in the United States against those other countries?

Mr. BRUSH. We need protection against Mexico. We do not need any protection against Europe.

Mr. HILL. You do not need any protection against Europe?

Mr. BRUSH. No, sir. The result of that was when the Dingley tariff was put in no protection was asked.

Mr. HILL. They can not smelt and refine in Europe any of their ores and put them in here in competition with your ores, except from Mexico?

Mr. BRUSH. That is correct.

Mr. HILL. That is what I did not understand, and I am glad to have that statement.

Mr. BRUSH. I am glad to give it to you.

Mr. HILL. You say there is no comparative cost of lead ore or lead in ore in the United States that can be made in Mexico—no general average cost?

Mr. BRUSH. I do not see how there can be. The ores are so radically different I do not see how there can be. In the first place, the ores of Mexico carry a large amount of silver, and the way we are getting at the cost of lead ore is taking the silver and deducting that from the cost of the ore, and that shows the cost of lead, which is not a proper way to do, but nevertheless it does come to that, that the mine can produce that lead and does do it, which is a very small amount comparatively.

Mr. HILL. You have explained we are in competition in this matter with nobody but Mexico?

Mr. BRUSH. I might say right there—this gives something of an idea of what they think in British Columbia as to the value of lead. They there have put a bounty on lead producing, so that to every lead producer in Canada, if the London market does not pay him £18—it is now £13—the government pays the difference.

Mr. HILL. Would not that be a very profitable transaction for us rather than having the duty as it is?

Mr. BRUSH. I do not know, I am sure. I have never studied it out. It strikes me as being rather an uneconomical proposition.

Mr. HILL. Were you present last week when Mr. Allen, of Utah, was testifying?

Mr. BRUSH. No, sir.

Mr. HILL. There is one fact there which I think, in justice to your own company, ought to be explained, and if it is wrong it ought not to continue in the record as it is. He stated that they were compelled in Utah to pay \$8 a ton on ore for smelting; that that ton of ore averaged and produced 164 pounds of lead?

Mr. BRUSH. Yes.

Mr. HILL. Figuring the lead at 4.3 a pound, I asked this question. If there are only 164 pounds of lead in a ton of ore, and they pay \$8 a ton for the ore, it would make $12\frac{1}{2}$ times \$8, or \$100 for smelting a ton of lead, which, at 4.3 a pound, would amount to \$96.32, and the smelter would take all the lead and part of the silver and part of the gold. Now, is that true?

Mr. BRUSH. It does not look like an economical possibility on the face of it, does it, Mr. Hill?

Mr. HILL. Mr. Allen answered, "I understood your question," and I said, "Is that all right?" He said, "That is right." I then said, "A smelter does not need any protection, does it?" Mr. Allen replied, "That is the reason we do not want the tariff removed. That would protect the smelter." I replied, "I think it is protecting him rather well now, if he takes all the lead there is and a part of the silver and a part of the gold for the process of smelting." Mr. Allen replied, "That is old." "What is that?" said I, and he replied, "That is old; I have known that for years."

Now, Mr. Brush, is that true?

Mr. BRUSH. How can it be true, Mr. Hill? How can it be possible that a man could—

Mr. HILL (interrupting). It would not be possible if the statement that the miner only got about \$3 a ton out of it were true. I think, in justice to your company—

Mr. RANDELL (interrupting). Let him answer your question instead of answering it for him.

Mr. BRUSH. I think Mr. Allen stated some particular mines there. did he not, in his testimony?

Mr. HILL. I understood him to refer to the mines of Utah.

Mr. BRUSH. He was asked what the mines of Utah were, and I think he was also asked as to what he knew about it from his own knowledge as to his own mines. It turned out that he was manager of five mines, and that four of them were mines that did not produce any lead at all, and the fifth one was only a prospect; so I do not think it proved that Mr. Allen knew anything about the question.

The CHAIRMAN. Mr. Allen was not talking about his own mines when he answered that question. He was talking about mines generally.

Mr. BRUSH. He was asked with reference to the mines in Utah, and he mentioned the Silver King as one of the mines. That is the reason I mentioned the Silver King this morning. I want to state that the Silver King mine does not ship to us 8 per cent ore, but they ship to us ore that runs 48 per cent of lead. The only way I can explain, if you would like to hear it, as to Mr. Allen's testimony, is that I think he must have taken from statistics the amount of lead produced in the State of Utah and then divided it by the number of tons that were produced, and so arrived at 8 per cent. I told you this morning that those mines that produce an 8 per cent ore concentrate it into concentrates before they ship to us. It comes to us at 45 or 50 per cent lead, on which we make our charge. The mine makes a serious loss in the concentration, but it does not equal the loss they would make in shipping. It would be impracticable to smelt such an ore.

Mr. HILL. Of course he was speaking of 8 per cent ore, because he said the 160 pounds of lead came from a ton of ore.

Mr. BRUSH. Yes.

Mr. HILL. And with reference specifically to 8 per cent ore he made this statement in answer to my question, that he gave them \$100, which covered all of the lead in the 8 per cent ore, and part of the silver or gold which they got as by-products to pay for the smelting, and then subsequently, if I am not mistaken, he said they got better and also lower figures at El Paso.

Mr. BRUSH. Yes?

Mr. HILL. It seems absolutely marvelous to me that that is the situation.

Mr. BRUSH. It is not the situation. That is the reason why I endeavored to give you figures this morning in my testimony with reference to the 8 per cent lead ore as to what actually took place, where the cost came in, and who would pay it, and who would receive the profits. If you have not got it clearly in your mind, which I think is not the case, because it is a very complicated problem, I shall be very glad to put these figures in writing before the committee so you will have them in written form and can study them at your leisure.

Mr. HILL. I would like to have them in that form.

Mr. BONYNGE. Is that on 8 per cent ore from Utah?

Mr. BRUSH. I could not get the mine's figures from such a mine as the Silver King. They would not give me their figures, but this is an 8 per cent Coeur d'Alene ore of the same character as the Silver King ore, and I have every reason to believe that it is a fair figure.

Mr. CLARK. Mr. Bonyngé asked you about this being necessary to keep these tariffs on lead, and you answered that five-sixths of the time you did not sell up to the limit that the tariff would allow?

Mr. BRUSH. Yes, sir.

Mr. CLARK. If we put the duty lower, somebody would flood the United States with lead?

Mr. BRUSH. Yes, sir.

Mr. CLARK. Who keeps a stock of lead on hand to flood this country in that way?

Mr. BRUSH. The production of lead in Europe. I think, amounts to about 350,000 tons a year, and they are constant sellers; you can buy spot or thirty-day shipments or fifteen-day shipments in thousand-ton lots without any trouble at all at any time.

Mr. CLARK. You do not know how much the European production of lead is?

Mr. BRUSH. Finally, it comes to this, that the price controls the production and makes the production no more than the consumption, which is the case also in the United States.

Mr. CLARK. You have given us the figures for 1894 and you said \$2.40 in Chicago?

Mr. BRUSH. I do not know whether that was in 1894 or whether it was in 1895 or 1896. That was the lowest it went during those years.

Mr. CLARK. A man taking a ton of lead to Chicago or selling a ton of lead in Chicago at \$2.40 that year could have turned around and bought as much stuff with it as he could with but \$6 now, could he not?

Mr. BRUSH. I do not know as to that.

Mr. CLARK. What you really want is a prohibitive tariff?

Mr. BRUSH. A tariff that will allow the present lead miners of this country to go on producing their lead. I do not want their industry ruined.

Mr. CLARK. If you had carte blanche with reference to the tariff schedule on lead and you thought it would not be too much criticized, would you not just put right into it the provision that no foreign lead shall be imported into the United States for domestic consumption? Would you not just as soon do that as to juggle with these tariff rates? Is not that really your desire in the premises?

Mr. BRUSH. I should not want to say that. I never thought of the problem along those lines. I only thought of it along business lines of production and consumption.

Mr. CLARK. You have not studied anything about how this committee and the other Congressmen it represents here are to dig up money enough to make up this deficiency in the revenues over here, have you?

Mr. BRUSH. No, sir; I have not.

Mr. CLARK. The net result of this whole thing as it stands is that you get your lead for foreign markets tariff free—practically free?

Mr. BRUSH. Yes, sir.

Mr. CLARK. And then, behind this tariff law, you absolutely dominate the price for the domestic consumer?

Mr. BRUSH. No; we do not dominate the price. The price is made absolutely by production and consumption. If the production exceeds the consumption, the price goes down, and goes down very rapidly at times. On the other hand, if the consumption exceeds the production, the price advances until it is brought out.

Mr. CLARK. Has not the demand for lead in the United States since the years Mr. Bonyngé was talking about, when it was the lowest, whatever years they were, increased out of all proportion to the population?

Mr. BRUSH. I do not know. I should not suppose it had; but I really have not given thought to that problem.

Mr. CLARK. There are so many different things being done now with lead and copper that no man dreamed of then.

Mr. BRUSH. That is the case with copper, but not so with lead. Lead has not received the same impetus that all other metals have.

Mr. CLARK. He seemed to be inquiring and you answering for the purpose of establishing the fact that somehow or some way Congress ought to enable you to hold the price of lead up to 4 cents at least.

Mr. BRUSH. I think it would be ruinous to the industry of lead mining to make it less.

Mr. CLARK. Why should lead be held up to 4 cents any more than every other product an American can get out? What I want to know is why any sensible man should come before this committee and think that Congress should undertake to turn the United States into an insurance company, so far as lead is concerned, to guarantee a profit to anybody—lead men, iron men, corn men, horse men, or any other sort of men?

Mr. BRUSH. That would be a long discussion on the subject of protection and free trade. I am not competent to carry it on.

Mr. BONYNGE. If you get below 4 cents, they can ship in the lead from Mexico where the labor is about one-eighth of what it is in the United States?

Mr. CLARK. Oh, no; don't misstate it in that way.

Mr. BONYNGE. I am not misstating it, am I?

Mr. BRUSH. Peon labor is 5 cents an hour in Mexico.

Mr. BONYNGE. What is it in the Rocky Mountains?

Mr. BRUSH. Forty-five cents.

Mr. BONYNGE. One-ninth—I will say where the labor is one-ninth of what it costs in lead-mining regions in the United States; is not that a fact?

Mr. BRUSH. Yes, sir.

Mr. CLARK. The lead mining business in Colorado is carried on under exceedingly unfavorable conditions compared with lead mining in Coeur d'Alene and those places, is it not?

Mr. BRUSH. The production of Colorado has been cut off at these prices. They can not produce at these prices.

Mr. CLARK. The production in Colorado has been cut off because the Colorado mines do not produce the same grade of ore that Coeur d'Alene does?

Mr. BRUSH. No, sir; the lead is there, but it can not be brought out at these prices.

Mr. BONYNGE. When lead was 6 cents—what year was that?

Mr. BRUSH. The latter part of 1906.

Mr. BONYNGE. What was the production of lead ore in Colorado in that year, do you know?

Mr. BRUSH. I do not know, but it was a great deal more than it is this year; I do not know exactly how much more, but I should think 25 per cent more.

Mr. BONYNGE. Twenty-five per cent more?

Mr. BRUSH. That would be my guess.

Mr. CLARK. Where is lead produced in the United States under most favorable conditions as to cost?

Mr. BRUSH. I believe Doctor Ingalls, editor of the Engineering and Mining Journal, who is a very scientific man and not a business man, has made a very exhaustive study of that very proposition, and my recollection is that he has placed the cost of producing lead in Missouri at something over $3\frac{1}{2}$ cents— $3\frac{3}{4}$ cents, if I remember rightly. That is without making any charge for amortization or making any charge for selling or any risks for selling, and he places the cost in Coeur d'Alene at about the same figure, after deducting all that they get from their silver. He puts those two regions, which are the largest regions in the matter of production, on about the same basis. Then he goes on to say that he believes that the average cost in the United States is 4 cents. That is a treatise written by Doctor Ingalls and published, I think, a year ago or something like that.

Mr. CLARK. The Missouri lead mines are the richest in the world that are not mixed up with silver or gold, are they not?

Mr. BRUSH. I do not think so. I think the lead production of Spain is of a very similar nature. So I have understood. The Missouri lead production is of a very different nature. Around the Joplin district they dig it out of small pockets—and also around Galena—that run about 40 per cent. This is done on a very small scale. No corporation can go in and take hold of it there. Where the large corporations have gone in and brought about a large production of lead, the lead is disseminated in stratas down 300 feet deep and runs all the way from 2 to 6 per cent lead, which is not a very high percentage.

Mr. CLARK. Some of that Joplin lead runs as high as 98 per cent.

Mr. BRUSH. That may be. You can pick it out in chunks that may run that.

Mr. CLARK. That is what I mean.

Mr. BRUSH. That is simply solid lead, but you can only get a very small quantity of that.

Mr. CLARK. You say the big corporations do not go down there and get that lead. The difference in the two fields, as I understand, is that in the Joplin district the lead is distributed around so that an individual or a small company can go down there and work it, while in the Platte River district—I know about that, but I do not know about the Coeur d'Alene district—I suppose in the Coeur d'Alene district the situation is such that it takes a very large amount of money to get into the business profitably?

Mr. BRUSH. Yes, sir; that is true.

Mr. CLARK. Whereas the man with the drill and small apparatus can go to Joplin, and if he strikes it right, he is all right.

Mr. BRUSH. Yes, sir; to a limited extent. The production there is quite small comparatively.

Mr. HILL. Why should copper come in free and lead under a duty?

Mr. BRUSH. Because the copper production of the country is about twice as much as is consumed in the country. No protection is needed for copper, because the production of copper in this country is twice as much as we consume.

Mr. HILL. That does not answer my question. The difference in cost of production is just as great, so far as the difference in the wages of American labor is concerned, as compared with other countries. Why does not the rule apply in that case, if it costs us more to produce? Is it simply because we have a superabundant supply? Why should not the rule apply in that case as it does in the case of lead?

Mr. BRUSH. Everything depends upon the ore of the special properties. Why not apply that to gold? There are gold properties that are producing gold for \$5 an ounce or less, and the United States continues to pay \$20.67 for every ounce of gold that can be produced.

Mr. HILL. You have asked a question which I have asked. Why apply it to lead and not apply it to gold and silver and copper, which are all free?

Mr. BRUSH. I say the lead production needs stimulation; the copper production does not need it. We have got it here, and they can afford to produce it for the price they get, and produce it in enormous quantities—a great deal more than the country needs. They get all the way from 14.50 to 26 cents a pound for their copper, and the copper-mining industry is a very profitable industry. It does not need encouragement or protection or anything else. The lead-mining industry is not in that position at all.

Mr. HILL. It does cost more to mine, to the extent of the difference in wages in copper, the same as in other things—

Mr. BRUSH. That simply means that the man who has got hold of a foreign mine, as I know of in the case of some men who have hold of mines in Chile; they say they can produce copper for 6 cents a pound, and are going to make a lot of money; that is all.

Mr. CLARK. They are not going to make it shipping copper to the United States, are they?

Mr. BRUSH. No; because the United States produces twice as much as it consumes.

Mr. CLARK. I know; but to carry out Mr. Hill's idea now, if it costs more to make copper in the United States, and they have this low-price labor the same as in the case of lead, what is the reason the Chileans can not come in here with that cheap copper and run the men who are producing copper here out of the copper business?

Mr. BRUSH. It does not make any difference where he sells his copper, because the copper price is the same in this country as anywhere else, and if he sells it here the American producer will sell it somewhere else.

Mr. CLARK. There is a world trust in copper, then?

Mr. BRUSH. There is no world trust.

Mr. CLARK. How do they manage to keep the price up at the same figure, then?

Mr. BRUSH. Because the demand warrants it.

Mr. CLARK. There is one fact that I would like to refer to. The price of gold is about the only article in the world that is fixed by act of Parliament.

Mr. BRUSH. Yes.

Mr. CLARK. It does not make any difference what is done in that, the price remains the same by act of Parliament.

The CHAIRMAN. What does it cost your company on the average to mine a ton of lead ore in Mexico—what does it cost in labor at the mouth of the mine?

Mr. BRUSH. I have not those figures with me at all, and I do not remember them.

The CHAIRMAN. Can you get them and send them to me?

Mr. BRUSH. I can. I will be glad to get them and send them to you.

The CHAIRMAN. I wish you would make a memorandum of that.

Mr. BRUSH. I have made a memorandum of that.

The CHAIRMAN. I want the labor cost to bring the ore to the mouth of the mine in Mexico.

I notice in your table of prices here you fix the meeting point at St. Louis. What is the freight rate from New York to St. Louis on the refined lead ore?

Mr. BRUSH. I believe it is 15½ cents.

The CHAIRMAN. Fifteen and one-half cents a hundred?

Mr. BRUSH. A hundred pounds; yes, sir.

The CHAIRMAN. And is it the same or greater from St. Louis to New York?

Mr. BRUSH. I believe it is the same. So far as I know, it is the same each way. I am sure it is 15½ cents from St. Louis to New York; I am not sure that it is the same price the other way, but I believe it is.

The CHAIRMAN. Probably it is no more from New York to St. Louis than it is from St. Louis to New York, because I understand there is a greater movement of empty freight cars going west than going east at certain seasons of the year.

Mr. RANDELL. Let me see if I remember correctly what you have testified to. I believe you said that you give the miner 2 cents a pound for the lead that is in the ore at the mines?

Mr. BRUSH. That is in Mexico, with the present price in London of £13—

Mr. RANDELL. What is the price you pay the miner here?

Mr. BRUSH. Perhaps I should make that clear in your mind. When I say 2 cents, I mean that at the present London price of £13 it figures out a net price for the lead at the mine to the Mexican miner of 2 cents.

Mr. RANDELL. What is the price to the American miner?

Mr. BRUSH. The price to the American miner is whatever the New York price is. At the present time it is 4.30.

Mr. RANDELL. That would be the amount to the American miner?

Mr. BRUSH. That is what he is paid.

Mr. RANDELL. And is that a price that is controlled by you? You say you practically control the prices?

Mr. BRUSH. I do not think that is correct to say that, sir. It is absolutely impossible for us to make a price that varies from the price

that is an equilibrium between the supply and demand. That, I say, is something that is impossible for the American Refining and Smelting Company or anybody else in this country to do.

Mr. RANDELL. I was trying to understand your position in regard to it. You say you can fix the price except when there is overproduction?

Mr. BRUSH. The only way we fix it is we guess right. If we guess the equilibrium, it stays there.

Mr. RANDELL. I understood you to say you could control the price except when the production was greater than the demand. Is not that practically correct?

Mr. BRUSH. It comes to that, you know.

Mr. RANDELL. Is that about correct?

Mr. BRUSH. No; I don't think it is correct. I do not like the word control, because I do not think it is a fact.

Mr. RANDELL. You said something of the kind, either fix it, or control it, or regulate it.

Mr. BRUSH. No; I think those words were put into my mouth, perhaps by a question.

Mr. RANDELL. Then will you fix the word yourself?

Mr. BRUSH. I say this: I say that the price is made absolutely by the equilibrium between supply and demand. We, as very large sellers, try our best to guess what that price is—

Mr. RANDELL. And your guess does fix it?

Mr. BRUSH. And we guess. Now, if we guess wrong it goes down or up, either one way or the other, in accordance with the situation. If we guess right it stays there.

Mr. RANDELL. Then your guess fixes it unless the output is greater than the demand?

Mr. BRUSH. Well, if our guess is correct, then we are correct. I do not think we fix it; the thing that fixes it is the equilibrium between supply and demand.

Mr. RANDELL. But you did say something about it was practically that way unless the output was more than the demand; either I misunderstood you or you said something like that.

Mr. BRUSH. It is virtually an interpretation of words.

Mr. RANDELL. Then I do not care to split hairs over it.

Mr. BRUSH. No.

Mr. RANDELL. That being the fact, is it not a fact that you have stated also, in effect at least, that the output is nearly always less than the demand?

Mr. BRUSH. You take it during the entire year and there will be at some time during the year a time when some lead will come in—

Mr. RANDELL. If you can answer my questions yes or no, when they are capable of such an answer, I think we will get along a great deal faster.

Mr. BRUSH. Yes, sir.

Mr. RANDELL. I simply want to see if I understand you. Is it a fact that you estimated that about five times out of six the demand is far greater in this country than the output?

Mr. BRUSH. No; it is just the other way; about five times out of six there is enough produced in this country to take care of the demand.

Mr. RANDELL. There is considerable importation.

Mr. BRUSH. The importation is not a heavy one. It is quite a light one. Last year, in the year 1907, most of which was a heavy production, there was an importation of 28,000 tons.

Mr. RANDELL. In your opinion, if the tariff was removed from the lead ore, what price would it bring at the mines?

Mr. BRUSH. I beg your pardon?

Mr. RANDELL. If the tariff was taken off, what would be the price here at the mines in this country?

Mr. BRUSH. It would be made by the equilibrium of the world's supply and demand then, instead of an equilibrium of this country's supply and demand, and what that price would be I don't know; whether our price would go down to the present European price of 2½ cents or whether the European price would come up to ours I don't know. It would depend upon—

Mr. RANDELL. Does the miner to-day get all of the tariff of 1½ cents on lead ore?

Mr. BRUSH. Yes, sir.

Mr. RANDELL. He gets all of that?

Mr. BRUSH. Yes; absolutely; it absolutely adds that much to the price of lead.

Mr. RANDELL. Then you fix the proposition that he shall sell to you and deliver to you in New York, do you not? That is the form in which all contracts are made?

Mr. BRUSH. That is the form in which all contracts are made, not only with us, but all other smelters—

Mr. RANDELL. You have only two refineries?

Mr. BRUSH. Yes; but there are a great many others. We only handle about one-half of the lead of the country.

Mr. RANDELL. Anyway, the miner must sell to you in New York City?

Mr. BRUSH. We pay—

Mr. RANDELL. Is that a fact or not?

Mr. BRUSH. Well, we pay him the New York price. He does not sell it to us in New York; he sells it to us at the smelter.

Mr. RANDELL. But he must deliver the ore to you in New York, so far as the prices are concerned?

Mr. BRUSH. I beg your pardon, but I don't think that is a fair statement to make. We pay him the New York price and he delivers it wherever our smelter is.

Mr. RANDELL. According to his contract he must market his product in New York?

Mr. BRUSH. He does not often market it in New York.

Mr. RANDELL. That is the effect of the contract.

Mr. BRUSH. That is simply a means of finding a proper price to pay him.

Mr. RANDELL. Does he not practically market it to you in New York and then bring it back to you there and pay the freight?

Mr. BRUSH. We pay him the New York price and he pays the freight to New York.

Mr. RANDELL. You pay him the New York price and then he pays the freight between New York and where he is?

Mr. BRUSH. Yes, sir.

Mr. RANDELL. Then that is what he gets; then that is the same as if he delivered the ore at New York; he has no other market, has he?

Mr. BRUSH. He has the market of the country.

Mr. RANDELL. I say he has no other market except he must deliver to you the goods at the New York prices and pay the freight to New York. Is not that the only chance he has under the present conditions to sell his ore? You can say yes or no to that.

Mr. BRUSH. I will say yes; that that is the fact of the case—

Mr. RANDELL. That is what I want to get at, the facts.

Mr. BRUSH. I would like to say, however, that that does not work a hardship to him. He has the market of the country—

Mr. RANDELL. There could be a difference of opinion about that. What I want to get at is the fact.

Mr. BRUSH. That is the fact.

Mr. RANDELL. When you get that ore, you get it at the New York price less the freight?

Mr. BRUSH. Yes.

Mr. RANDELL. Then, if you sell it in Chicago, you sell it at the New York price less the freight from New York to Chicago?

Mr. BRUSH. That is, we get a less price for our lead and we have a smaller freight rate to pay.

Mr. RANDELL. That freight rate comes off, but is not given back to the miner?

Mr. BRUSH. No; neither do we charge him back the less price we get for our lead, either. One adjusts the other.

Mr. RANDELL. But at the same time under your system the freight rate from the mine to New York comes in, but in practice somebody can get that back. If you sell the product anywhere in the country at a less freight rate than to New York, somebody gets that back. Is not that the fact? Somebody gets it, whether you do or not?

Mr. BRUSH. No; the consumer gets it, because he buys his lead for less price.

Mr. RANDELL. I say that somebody other than the miner gets it.

Mr. BRUSH. Yes; the consumer gets it.

Mr. RANDELL. That might be a question whether he gets it or the trust gets it.

Mr. BRUSH. There is no trust.

Mr. RANDELL. If you will simply answer my questions yes or no, where they are capable of such an answer, we will get along very rapidly, I think. Under your system, now, you have a market here, and the only market for the producers of this lead ore is New York City, because they must take the New York price and then deduct the freight that it will take to bring that back to New York. That is what they get.

Mr. BRUSH. No; I must differ from your conclusions.

Mr. RANDELL. Tell me any other arrangement they can make.

Mr. BRUSH. They can make any kind of a contract they please with somebody else than ourselves.

Mr. RANDELL. If they can find anybody else; but I say under present conditions if you own a mine, or say that some friend of yours owned a mine and was asking you the practical question—let me put it that way—would you tell him that he had any other show to market his ore? If he asked you if he had any other show to market his ore, would you tell him no?

Mr. BRUSH. Will you ask that question again?

Mr. RANDELL. I say, if you had a friend who was going to buy a mine or had bought a mine, and he asked you if that was his only chance to market his ore, would you tell him that was his only chance?

Mr. BRUSH. No; I would tell him he had a right to sell to some one else.

Mr. RANDELL. I am not asking you about his rights, but what he could do.

Mr. BRUSH. He could do it, and he is doing it. I can give you a list of fifty independent smelters that the American Smelting and Refining Company have nothing to do with.

Mr. RANDELL. I did not ask you that; but did you not say that you fixed the price, and that they come to your price because they want the business, too, and will not reduce it?

Mr. BRUSH. Not necessarily.

Mr. RANDELL. If they get your price and your price is fixed that way, then is not that the only chance for the man who owns the mine?

Mr. BRUSH. The mine owner gets the absolute market price for lead in this country, for the lead consumption of the country.

Mr. RANDELL. Then, did you misstate it inadvertently when you stated that you made a price and that the other dealers made the same price because it was more convenient than to get up a fight, or something of that kind?

Mr. BRUSH. No, sir; I never stated anything of the kind.

Mr. RANDELL. Did you not say that—

Mr. CRUMPACKER. I do not think the gentleman from Texas is correct on that. That question came up yesterday in connection with the steel and iron investigation. Nothing of that kind has been referred to in this investigation.

Mr. RANDELL. I do not think the word "fight" was used, but I think the same situation was referred to.

Mr. CRUMPACKER. Not at all; my recollection is quite different.

Mr. RANDELL. Perhaps I may be mistaken, but I did not think I was. I want to get it straightened out, so that there will be no mistake.

Now, is it not a fact that you do make the price to them; they are all paid the same under the same conditions, less the freight, of course, which might vary?

Mr. BRUSH. I do not understand that.

Mr. RANDELL. Is not the marketing of the lead ore all over the United States practically on the basis that you pay for it?

Mr. BRUSH. No, sir; it is not.

Mr. RANDELL. The New York price, less the freight from New York?

Mr. BRUSH. No, sir; it is not. There are a great many contracts that are made based upon Engineering and Mining Journal quotations; there are a great many contracts that are made based upon the Metal Exchange quotations.

Mr. RANDELL. Is that in your section of the country?

Mr. BRUSH. I beg your pardon?

Mr. RANDELL. Is that done in Colorado?

Mr. BRUSH. It is done all over the country.
(Mr. Brush submitted the following figures:)

	European lead value delivered St. Louis without duty.	Average market price do- mestic de- liverized lead, St. Louis.	Excess value of domestic product.
1900.....	\$3.99	\$4.04	\$0.05
1901.....	3.02	4.28	1.26
1902.....	2.75	4.02	1.27
1903.....	2.82	4.19	1.37
1904.....	2.91	4.25	1.34
1905.....	3.29	4.63	1.34
1906.....	4.07	5.56	.51
1907.....	4.45	5.36	.91
Average excess.....			1.00

The CHAIRMAN. Judge Payson has asked for five minutes, and we will give him five minutes.

STATEMENT OF HON. L. E. PAYSON, OF WASHINGTON, D. C.

Mr. PARSON. My object in asking to be heard here for a few moments to-day is more for the purpose of arresting the attention of the committee than going into any particular details which will require much thought on the part of the committee. I am counsel for the Newport News Shipbuilding and Dry Dock Company, having its works in Newport News, in Virginia.

The Newport News Shipbuilding and Dry Dock Company is one of the largest and best plants in the United States, if not in the world, and therefore is deeply interested in everything that pertains to the merchant marine of the country.

It, in common with other shipbuilding industries of the country, has been met by this condition, which to us, and, I take it, to practically every member of the committee, will be almost absolutely new.

It is not generally known that foreign-built yachts, with their machinery equipment, fixtures, and furnishings, are not, as most all other imported manufactures, subject to duty. Yachts can be built abroad for less money than in this country, and being exempt from duty explains why each year several millions of dollars are sent abroad for such purchases, while the builders in this country can only look on and see their yards lying idle. A conservative estimate during the year 1908 would be, from this cause, a loss of employment in the American yards of from five to ten thousand men.

Not only the component parts of the yacht, such as hull, spars, ironwork, joiner work, and machinery is duty free, but also its accessories, lighting plant, furniture, upholstery, bedding, china, silver, and glass ware, nautical instruments, power tenders, and other small craft, and even the uniforms of the crew. If an owner of an American-built yacht desires to purchase any of these fittings of foreign manufacture he must pay freight and duty, whereas when assembled on a foreign-built yacht they come in duty free.

Furthermore, these foreign yachts, flying as they generally do the American yacht ensign, which is the flag generally in use by Amer-

ican yachts, have thereby equal courtesy and protection, but are not subject to the United States pilot laws or regulations, neither do the United States authorities have any power to require licensed officers aboard such yachts, as are necessary in the case of American-built yachts.

The merchant marine is amply protected by existing laws, as foreign-built merchant vessels can not be brought to this country even by paying a duty, whereas a foreign-built pleasure vessel, essentially a luxury, can be purchased and entered into this country without paying a penny in duty.

This condition affects not only the yacht builder but every accessory that goes to make up in its entirety a complete pleasure yacht.

Foreign-built yachts owned by American citizens are now subject to the following special taxes only:

1. Fifty cents per net ton on arriving from a foreign port on each arrival. This tax is imposed under so much of section 4219, Revised Statutes, as reads: "On other vessels not of the United States, at the rate of 50 cents."

2. Fifty cents per net ton on the first arrival from a foreign port. This tax is imposed as "light money" under section 4225, Revised Statutes. Under section 4226, however, after its first arrival a yacht can obtain a commission as an "unregistered" vessel owned by citizens of the United States, and thereafter it is not required to pay this second 50 cents.

I have here an illustration:

J. P. Morgan's yacht *Corsair*, built at Newburgh, N. Y., is 1,136 gross, 772 net, tons, and does not pay any tonnage taxes.

F. W. Vanderbilt's yacht *Warrior*, built at Leith, Scotland, is 1,097 gross, 396 net, tons. The first time the yacht came to the United States she would have paid \$396 (two taxes of 50 cents each) on her net tonnage, plus \$23.76 (6 cents per net ton from Europe), or \$419.76 in all.

Thereupon a certificate of American ownership was filed in the New York custom-house, and thereafter she was exempt from the 50 cents "light money." Her special tax on entering from a foreign port thereafter became 50 cents per net ton, or \$198, plus \$23.76 (6 cents per net ton from Europe), or \$221.76.

Such a foreign-built yacht might make two cruises a year. Her disabilities would amount to less than \$450 a year. That sum is insignificant to a man of large wealth. It is inappreciable in computing the cost of building such a yacht in the United States compared with the lesser cost of building abroad.

A foreign yacht chartered by an American retains her foreign ownership and foreign flag. Under the act of February 5, 1897, she merely has to pay the regular 6 cents per net ton tonnage tax, on each entry from Europe (3 cents from West Indies), as in the case of the *Warrior*, \$23.76, or on two entries a year less than \$50.

Americans buy foreign-built yachts because:

1. There is usually a considerable number of English steam yachts which British owners are willing to sell for various reasons. There is thus a market from which ready-built yachts may be selected by an American who wants one at once.

2. The cost of building a yacht in England is, of course, much less than in the United States, and so is the cost of furnishing.

The CHAIRMAN. The point that I am interested in is this: The difficulty is that these yachts do not come in; they are not imported.

Mr. PAYSON. The answer to that is that they are imported.

Mr. DALZELL. Have they American registry?

Mr. PAYSON. They have not registry as such, but the Treasury authorities issue what they call a certificate and give it to an unregistered vessel which does not carry either freight or passengers, and that certificate protects them in this country.

Now, coming to the question of these ships not being an importation, I insist that they are an importation, and nothing but an importation. The difficulty with the situation grew out of this. There was an attempt made in 1896, and under the tariff act of 1890, to impose a duty on a yacht, the *Conqueror*, which was built abroad for one of the Vanderbilts. She cost about \$700,000, and everything about her was put on abroad.

An attempt was made to collect the duty, and the Supreme Court decided at the October term, 1896, that as the act of October 1, 1890, required duties to be levied on all "articles," "imported from foreign countries," and, as none of the schedules mentioned ships or vessels, eo nomine, a pleasure yacht, under the legislation then in force could not be held to be a dutiable manufactured "article."

But there is nothing to prevent Congress from so declaring now, and we urge that it be done in the coming bill at an ad valorem of 75 per cent.

An importation, Mr. Chairman, is simply this: Something that is made, grown, or produced in one country and carried to another. Whether it is on the dutiable list or not by law is another proposition. But simply because, in these days, and under the policy which obtained then, the Supreme Court decided it was not dutiable, that does not prevent Congress, nor is there anything illogical in it, from providing by law, as I shall submit later, from declaring that these ships should be treated as manufactured articles. Why should they not be? It is purely and simply a matter of luxury, indulged in by the wealthy citizens of the country. Millions and millions of dollars are invested.

I have a partial list of these yachts, which I will furnish.

The CHAIRMAN. I do not think we need to argue that. The only question is a legal one. Of course if you will file a brief, we will read it.

Mr. PAYSON. I will be glad to.

Mr. DALZELL. Did we ever impose a tax on yachts under any tariff law?

Mr. PAYSON. No, we never have.

As I said in my opening, Mr. Chairman, all I care for now is to secure the attention of this committee with reference to the importance of this proposition, and that it shall not be said that a Republican Congress, or indeed a Congress composed of Republicans and Democrats, shall allow the shipyards of this country to remain idle while millions and millions of dollars are expended abroad for the purposes of pleasure, simply and solely, when everything that can be secured by going abroad in this way can be better supplied by American workmen.

I have here the list of foreign-built yachts owned by Americans:

Foreign-built yachts owned by Americans.

Name.	Gross tons.	Net tons.	Owner.
Wanderer.....	362	184	H. A. O. Taylor.
Yacona.....	527	169	Henry O. Pierce.
Anemone.....	113	88	John M. Mitchell.
Wakiva.....	417	149	Lamon V. Harkness.
Delaware.....	785	534	Frederick G. Bourne.
North Star.....	818	328	Cornelius Vanderbilt.
Apache.....	451	307	Edmund Randolph.
Enchantress.....	189	128	Nathaniel L. McCready.
Narada.....	490	272	Henry Walters.
Arcturus.....	360	166	Rutherford Stuyvesant.
Tarantula.....	123	83	W. K. Vanderbilt, Jr.
Riviera.....	407	174	Frederick Gallatin.
Venetia.....	568	229	Morton F. Plant.
Alcedo.....	981	573	George W. Childs Drexel.
Christabel.....	248	102	Walton Ferguson.
Warrior.....	1,097	396	Frederick Wm. Vanderbilt.
Atalanta.....	1,308	379	George J. Gould.

The CHAIRMAN. There are some gentlemen here to be heard on the tobacco schedule. I have understood that all they want is thirty minutes.

(Several gentlemen addressed the chair, one saying that he wanted thirty minutes and another that he desired ten minutes.)

The CHAIRMAN. We will hear the Virginia delegation first, and they will be allowed thirty minutes.

STATEMENT OF MR. A. B. CARRINGTON, OF DANVILLE, VA.

(The witness was duly sworn by the chairman.)

Mr. CARRINGTON. Mr. Chairman and gentlemen of the committee, at a recent meeting of the Tobacco Association of Danville the following preamble and resolutions were unanimously adopted:

Whereas the importation of Turkish tobacco into this country has increased enormously in the last ten years and is being manufactured and sold in cigarettes in direct competition with the tobacco raised in Virginia and North and South Carolina; and

Whereas the importation tax on Turkish tobaccos is so low that it does not appreciably affect the price at which they are sold in direct competition with Virginia and North and South Carolina tobacco; and

Whereas the Turkish Government does not allow American tobacco to be imported into the Empire of Turkey, absolutely excluding same from her markets: Be it therefore

Resolved, That a committee be appointed by the association to present these facts before the Ways and Means Committee of the House of Representatives, now in session at Washington, requesting them to increase the tax on Turkish tobacco imported into this country to the same duty now charged by this Government on the importation of Sumatra wrapper leaf.

Now, if you will allow me, I will state why we want this.

The CHAIRMAN. That is just what we want to hear.

Mr. CARRINGTON. Bright tobacco is produced in the States of Virginia and North and South Carolina. The crops in these three States amount to from 225,000,000 to 280,000,000 pounds annually. The average price for the three States is about 10½ cents to 11 cents, making the value of the crops from \$24,000,000 to \$30,000,000 annually.

The larger part of this tobacco is suitable for the manufacture of cigarettes and pipe-smoking tobacco.

Of late years the consumption of this tobacco in cigarettes has fallen off steadily, owing to the introduction and use of Turkish tobacco for the manufacture of cigarettes and smoking-tobacco mixtures. This has naturally curtailed the consumption of Virginia, North Carolina, and South Carolina bright tobacco.

Some years ago a very large per cent of this bright tobacco was used by manufacturers of cigarettes and cut tobacco in the United States, but as this trade has fallen off, dealers in tobacco have been forced to look for markets for bright tobacco in other countries, and now England uses a large proportion of the tobacco suitable for cigarettes in these three States, and at prices not very favorable to the growers of the tobacco.

The total consumption in England of American tobacco is about 100,000,000 pounds, and this is in the face of an import tax of 76 cents per pound.

The importation of Turkish tobacco in this country has steadily increased in the last ten years, and every pound of it used takes the place of 2 pounds of Virginia, North and South Carolina tobacco. The import tax of 35 cents per pound makes very little difference in the cost of the cigarettes manufactured from Turkish tobacco as compared with cigarettes manufactured from Virginia tobacco, as the Turkish cigarette is, as a rule, made of slightly smaller size than the Virginia cigarette, taking less tobacco to make.

The sale of the manufactured article from Turkish tobacco is pushed in every market to the detriment of the American-grown tobaccos. This is a subject of great importance to the people who raise tobacco, and as the importation of Turkish tobacco is increased their sales of tobacco suitable for Turkish cigarettes have fallen off.

The CHAIRMAN. Under what name is this tobacco imported?

Mr. CARRINGTON. As Turkish tobacco.

Mr. HILL. There is no "Turkish tobacco" imported.

Mr. CARRINGTON. It comes to this country unstemmed. It is imported as raw leaf tobacco. It has come to this: That were it not for the amount of bright tobacco taken by the English and other foreign markets, the farmers raising these styles of tobacco would be bankrupt.

The CHAIRMAN. What duty does it pay?

Mr. CARRINGTON. Thirty-five cents a pound. Turkey does not allow our tobaccos to be imported there, and all tobacco going there would be declared contraband.

The prices of Turkish tobacco range from 1½ to 6 cents in some districts to 12 to 16 cents a pound in other districts.

I see by reference to the books published by the Government on the subject that in 1904 about 1,430,000 pounds of Turkish tobacco were imported into this country. In 1907 there were 8,224,000 pounds of that tobacco imported. That is from European and Asiatic Turkey alone, to say nothing of what comes from Egypt.

The CHAIRMAN. According to the report of the Government, which I have here, tobacco, unstemmed, there was imported altogether in 1903, 20,000,000 pounds; in 1904, 10,000,000 pounds, and in 1907, 9,000,000 pounds. The entire importation of unstemmed filler tobacco—I suppose this is classed as unstemmed?

Mr. CARRINGTON. This is classed as unstemmed; yes, sir.

The CHAIRMAN. Where did you get your figures?

Mr. CARRINGTON. From Forms 1 and 2, imports of merchandise into the United States. According to that, the imports for 1907 were about 7,000,000 pounds—between 7,000,000 and 8,000,000 pounds. For 1898, for the same period, the imports were less than 400,000 pounds. You can see how the importation of that tobacco has increased since 1898.

The CHAIRMAN. How much does this tobacco sell for?

Mr. CARRINGTON. Which tobacco?

The CHAIRMAN. Your tobacco.

Mr. CARRINGTON. It will average from 10½ to 11 cents a pound for the three States—North Carolina, South Carolina, and Virginia.

The CHAIRMAN. That much a pound?

Mr. CARRINGTON. Yes; the raw tobacco, as the farmer sells it.

The CHAIRMAN. And how much does this Turkish tobacco sell for?

Mr. CARRINGTON. It is imported here from 1¼ to 6 cents in some sections and 12 to 16 cents a pound in other sections.

The CHAIRMAN. It costs that much to deliver it here?

Mr. CARRINGTON. No, that is in Turkey, on board the steamer.

The CHAIRMAN. How much do they sell it for here?

Mr. CARRINGTON. I do not know what the market for it is here. It depends on the quality of the stock imported.

The CHAIRMAN. Is this tobacco you raise down in Virginia and North and South Carolina as good as the Turkish tobacco for the purposes for which it was intended?

Mr. CARRINGTON. It is, sir. It is the finest bright tobacco grown in the world, but it has not the peculiar flavor that some of this Turkish tobacco has. Smoking is largely a fad—a matter of taste—as the tobacco people have found out.

Mr. LONGWORTH. Do you claim that this imported Turkish tobacco is in direct competition with your tobacco?

Mr. CARRINGTON. Yes, it is.

Mr. LONGWORTH. There is a difference; they are different kinds of tobacco?

Mr. CARRINGTON. No; they are both bright. You have seen hundreds of brands of Turkish cigarettes—the Dieties, and the Murads, and Helmas. All those particular brands are raised in Turkey.

Mr. LONGWORTH. But the flavor is different?

Mr. CARRINGTON. Yes; the flavor is different.

Mr. LONGWORTH. Absolutely different?

Mr. CARRINGTON. No, not absolutely; you can hardly tell the difference between the American and the Turkish.

Mr. LONGWORTH. You mean in appearance?

Mr. CARRINGTON. Yes; in appearance.

Mr. LONGWORTH. But you can tell the difference in taste?

Mr. CARRINGTON. There is a difference in the taste.

Mr. CRUMPACKER. The Turkish tobaccos sell at retail for two or three times as much as the domestic tobaccos, do they not?

Mr. CARRINGTON. Some of the brands sell high, but there are numerous brands of Turkish cigarettes which do not sell any higher than the American; numerous brands that sell ten cigarettes for 5 cents, and others ten cigarettes for 10 cents. That is what we are complaining about.

Mr. CRUMPACKER. I had it in mind that the price of Turkish tobaccos took them out of competition with the domestic tobaccos.

Mr. CARRINGTON. Oh, no; that is not the fact.

Mr. CRUMPACKER. I am glad to be informed about that. I did not know personally.

Mr. CARRINGTON. There are millions of cigarettes sold five for 10 cents and ten for 10 cents which are made of pure Turkish tobacco.

Mr. LONGWORTH. You say they are made of pure Turkish tobacco?

Mr. CARRINGTON. Yes; even the cheaper grades are, and they come in direct competition with us.

Mr. LONGWORTH. Is that pure imported tobacco?

Mr. CARRINGTON. Yes, sir.

Mr. LONGWORTH. Not mixed?

Mr. CARRINGTON. No; not mixed.

The CHAIRMAN. What is this domestic tobacco, with which the Turkish tobacco comes in competition, worth a pound?

Mr. CARRINGTON. The average crop for the last three and a half years have brought about 10½ to 11 cents a pound—the whole crop.

The CHAIRMAN. What is the price of the Turkish tobacco laid down in New York?

Mr. CARRINGTON. That depends on the grade. I quoted the price here, from 1½ to 6 cents a pound in some districts and 12 to 16 cents in other districts.

The CHAIRMAN. Then, what you need protection from is the taste of the American for the Turkish cigarette.

Mr. CARRINGTON. That is what we need protection from.

The CHAIRMAN. If I knew how we could make the largest collection in the way of revenue on cigarettes I think I would vote for it.

Mr. CARRINGTON. I think I can show you. The present duty is 35 cents a pound. We ask for an equal duty to the duty put upon Sumatra leaf, which is \$1.85 a pound. That protects the grower of the Sumatra leaf, the man in Florida is protected, and the growers of tobacco in those States that produce the cigar tobacco are protected, but we, in North Carolina and South Carolina and Virginia have no protection—

The CHAIRMAN. You say you have no protection. You have 35 cents a pound?

Mr. CARRINGTON. Thirty-five cents a pound does not protect us.

The CHAIRMAN. You say your product is worth about 10½ cents a pound. Then you have 350 per cent protection?

Mr. CARRINGTON. But the Turkish cigarettes are coming in and getting our markets.

The CHAIRMAN. You want over a thousand per cent protection?

Mr. CARRINGTON. No; we don't.

The CHAIRMAN. I do not think I would be inclined to vote for any thing in the way of a protective duty on cigarettes, but I would be willing to increase the duty if it would give us more revenue. If there is anything on the face of the earth that is a good article to produce revenue, I should say it would be cigarettes.

Mr. CARRINGTON. You can get more revenue at \$1.85.

The CHAIRMAN. I do not see how it would do you any good, then.

Mr. CARRINGTON. It would stop the sale of the Turkish cigarettes here.

The CHAIRMAN. If it stops the sale how would we get more revenue?

Mr. CARRINGTON. The finer grades would come in, and people who want them would buy them and smoke them; but then the lower grades could not be imported, these cigarettes that sell 10 for 5 cents, or 10 for 10 cents.

Mr. CRUMPACKER. Do not our retailers sell about five times as much of Turkish tobacco as is imported every year?

Mr. CARRINGTON. I think they do sell more, because they use the Turkish tobacco simply as a mixture. They mix it with the domestic tobacco.

Mr. LONGWORTH. That was the question I asked, and the witness said that the cigarettes referred to were pure Turkish cigarettes.

Mr. CARRINGTON. The brands I spoke of are not mixed, but there are some mixed brands.

Mr. LONGWORTH. I alluded to those brands that are sold as Turkish cigarettes, cheap cigarettes. Do you say they are pure Turkish cigarettes?

Mr. CARRINGTON. Yes; they are straight Turkish cigarettes.

Mr. LONGWORTH. And some tobaccos are made into cigarettes and sold as Turkish cigarettes, and they haven't any Turkish tobacco in them at all?

Mr. CARRINGTON. I don't think so.

Mr. LONGWORTH. You think they are mixed?

Mr. CARRINGTON. There is a mixture, and then there is the straight Turkish cigarette.

Mr. CLARK. How much do you have to pay for the Turkish tobacco, raised in Turkey?

Mr. CARRINGTON. I don't know. I never bought any Turkish tobacco or traded in it. There is a 35-cent tax on that.

Mr. CLARK. Is this tobacco you raise in Virginia and the Carolinas—this bright tobacco, as you call it—good for anything else except cigarettes and wrappers for cigars? Is there any other use it can be put to advantageously?

Mr. CARRINGTON. Yes; it is good for chewing tobacco; for pipe smoking.

Mr. CLARK. Is it extra good for wrappers and plug tobacco?

Mr. CARRINGTON. Yes; but the wrapper for plug tobacco is not used for cigarette tobacco.

The CHAIRMAN. Do you ask us to raise the duty on all tobaccos that are not for wrappers?

Mr. CARRINGTON. No; I ask you to raise the duty on all tobaccos coming from the Empire of Turkey.

The CHAIRMAN. We can not do that; we have to give a fair deal to all.

Mr. CLARK. A gentleman from Florida has hinted that they can raise just as good Sumatra wrappers down there as they can in Sumatra, but the American manufacturer of cigars will not use the Florida article, if he knew it was a Florida article; that is, he will not undertake to sell it guaranteeing it to be a Sumatra wrapper, and he explained the modus operandi by which he induced the American cigar manufacturer to use a Florida wrapper by sending it to New York and having the New York man sell it back to those men in the country as genuine Sumatra leaf. You do not use your tobacco that way?

Mr. CARRINGTON. No, sir; our tobacco has a different growth of leaf. It could not be used that way.

The CHAIRMAN. That is all.

STATEMENT OF E. B. MOSELY, OF DANVILLE, VA.

Mr. MOSELY. Mr. Chairman and gentlemen of the committee, we come here to-day representing the farming industry of our section of the State of Virginia. We feel that this Turkish tobacco that is being imported into our country is in a large measure supplanting the bright tobaccos that are raised in Virginia, North Carolina, or in the Carolinas. We feel that the Turkish Government will not allow us to send our product into their domain at any price whatsoever, confiscating it if it should go there, and that if we should get a square deal we should at least get some kind of an opening to their country with almost a prohibitive tax from their coming back.

The CHAIRMAN. How does Turkey keep your tobacco out, by duty?

Mr. MOSELY. No, sir; it is a monopoly.

The CHAIRMAN. Does it prohibit importation?

Mr. MOSELY. Yes, sir; it is prohibitive. It is confiscated if it goes there by the Government.

Mr. CLARK. The government of what?

Mr. MOSELY. The Government of Turkey; they will confiscate it if it goes there.

Mr. CLARK. You say it is a government monopoly?

Mr. MOSELY. That is it. It is a government monopoly. The duty you place upon it is only 35 cents a pound, whereas we send our bright tobaccos to England and pay 76 cents a pound for the privilege of going into that country, and we gladly pay it, because it gives us an outlet in our products. We have to compete with the labor of Turkey, where, I am told, that the average price of the common laborer does not exceed 20 cents a day. We can not get in our section of the country any such labor that can produce this tobacco.

The CHAIRMAN. Your tobacco is produced and sold for 11 cents a pound?

Mr. MOSELY. It is now.

The CHAIRMAN. A portion of that is labor?

Mr. MOSELY. Yes, sir.

The CHAIRMAN. Are you able to sell it at that rate?

Mr. MOSELY. It can not be produced for much less.

The CHAIRMAN. What does it cost you for labor to produce your tobacco?

Mr. MOSELY. Ten cents.

The CHAIRMAN. Now the duty is 35 cents. Do you not see that the duty and labor is taken care of three times and a half?

Mr. MOSELY. We believe that we should not have their importation of this tobacco into our country as it is at present. The price of this special cigarette tobacco has been reduced in the ten or fifteen years past at least 20 per cent, and we attribute it largely to the inroad that is being made by this Turkish tobacco coming into our country. They bring here something like 8,000,000 of pounds now. That takes the place of 8,000,000 of pounds of one grade of tobacco, we may say cigarette tobacco. Now add that competition here in America for those additional 8,000,000 pounds of tobacco, which is being imported here, then the price would be very much higher to the producer than it is now. We can not compete with their labor.

The CHAIRMAN. What do you want us to do, exclude it?

Mr. MOSELY. No, sir; we want the same protection that is accorded, and properly accorded, to the New England manufacturers of Sumatra wrappers.

The CHAIRMAN. New England or Florida, it does not make any difference. The cases are not similar at all in regard to wrapper leaf.

Mr. MOSELY. One is \$1.85 a pound, which is a protection to them, and the other is 35 cents a pound.

The CHAIRMAN. And one costs 10 cents a pound to produce it, and the other 50 or 60 cents a pound. A pound of the foreign tobacco for 50 or 60 cents would go three or four times as far as a pound of the domestic tobacco.

The CHAIRMAN. I am with you to this extent: If I can find out the point at which we can get the most revenue for it, then I am for it.

Mr. MOSELY. I think I can show you very clearly. If you increase the duty on this so as to make the amount of tobacco brought into this country one-half, and double the taxation, and then give to Virginia and North Carolina an opportunity of producing more cigarettes, and thereby bringing into our Treasury more revenue than you are already getting from that product, you will get more revenue thereby.

The CHAIRMAN. Do you think that if we double the duty it will produce any more tobacco here?

Mr. CLARK. Cigarette tobacco?

Mr. MOSELY. Yes, sir; cigarette tobacco.

Mr. CLARK. I was trying to help with the explanation of how they would get more revenue by the revenue collected from cigarettes.

Mr. MOSELY. That is right; yes, sir; they would get more revenue from that.

Mr. CLARK. They would get more internal revenue from the domestic cigarettes—enough increase revenue to compensate for the use of this Turkish tobacco.

Mr. MOSELY. That is right. I will take that as my statement.

Mr. CLARK. Mr. Chairman, I was just trying to explain what he said.

Mr. DALZELL. Internal revenue is not imposed on domestic tobacco alone.

The CHAIRMAN. Do you think that doubling the duty will increase the import one-half?

Mr. MOSELY. Yes, sir; without hesitation. We think that you would get the same revenue and more.

The CHAIRMAN. I think that the committee might discriminate. It is true that the Turkish Government prohibits exportation of tobacco from here. We might put in a clause that the country prohibiting the exportation to the United States should have a duty on its tobacco of so much a pound. What I want to get at now is the revenue fund.

Mr. SANDERS. Mr. Chairman, I will say in that connection that we will file here evidence that the Turk does exclude our tobacco.

The CHAIRMAN. You will have to take the risk of that.

Mr. MOSELY. I want to say that I am an exporter of tobacco myself and deal in domestic tobacco as well.

I received only Monday of this week from one of my correspondents—and this was by no means the only one I have received from New York—a letter from a party to whom I had been selling a large quantity of cigarette tobacco. They wrote me in response to my

inquiry as to whether they were on the market for Virginia tobacco for cigarette purposes. They wrote me saying: "We will not buy any more Virginia and North Carolina tobaccos for cigarettes; we have decided to use exclusively the Turkish tobacco for cigarette purposes." Now, I have lost by that one of the largest patrons I had for that class of tobacco, and I want to say that this is not a rare case either. I could give you a dozen men who have written along that line. Now, you see the inroad that this tobacco has made and is making over here, and it is confined to a small territory of country, and certainly if they will not allow us to come into their domain and sell our product at any price, and if we should venture to do so it would amount to confiscation, certain it is that we ought to have protection to keep them from coming in here and supplanting us in our industry.

Mr. UNDERWOOD. Is this inroad of Turkish tobacco into this country due to the fact that it costs less for the Turks to produce the Turkish cigarettes and deliver it here, or is it because the Americans or is it because the American people want to smoke the Turkish cigarette in preference to the American cigarette?

Mr. MOSELY. I believe that it costs very much less, and I have shown by the scale of wages that they have.

Mr. UNDERWOOD. Have you put in any figures here that go to show the cost of cigarettes? The American cigarette is a machine-made cigarette, is it not?

Mr. MOSELY. Yes, sir.

Mr. UNDERWOOD. And the Turkish cigarette is a hand made cigarette?

Mr. MOSELY. It is either; they can make it either by hand or by machine.

Mr. UNDERWOOD. But I am speaking of the Turkish cigarette that is imported to this country.

Mr. MOSELY. It is the leaf; it is not the cigarette that we claim here, but the leaf in the raw material that is brought here that produces the cigarette.

Mr. UNDERWOOD. You are complaining about the Turkish tobacco and not the cigarettes?

Mr. MOSELY. That is right.

Mr. UNDERWOOD. Have you the figures to show that it costs less to lay this tobacco down here than you can produce it?

The CHAIRMAN. I will say that the entire cost of raising their tobacco is 10 cents a pound, and the duty is 35 cents a pound. You did not hear that, Mr. Underwood—you were not in the room.

Mr. MOSELY. Exclusive of the duty there is no comparison at all.

Mr. UNDERWOOD. The present duty, therefore, far exceeds the cost.

Mr. MOSELY. Yes, sir.

Mr. CLARK. Taking the statement of you two gentlemen, I can not understand this. Mr. Mosely said that 1 pound of Turkish tobacco was equal to 2 pounds of Virginia and Carolina tobacco.

Mr. MOSELY. Yes, sir.

Mr. CLARK. The cost of yours is 10 cents a pound—that is, the cost of production. The tariff is 35 cents. Now 35 cents is three and a half times ten. How will the Turk get in here with his tobacco when yours has got a protection of three and a half times the cost price, and when there is a difference of 1 pound to 2. How does he get in here at all?

Mr. MOSELY. It must be the very low cost of the original cost in the production of the tobacco in his country.

Mr. UNDERWOOD. Is this not really the case; is not the reason that the Turkish tobacco comes in here and competes with yours, not because we have that duty, but because the American consumer wants it?

Mr. MOSELY. Well, it is an acquired taste; we find that it is according to taste, and it is demonstrated by figures. Their importation now to our country is 8,000,000 pounds, whereas a few years ago it was only about two and a quarter million.

The CHAIRMAN. The fact is, they will not buy that tobacco and pay the same for it at a duty of 35 cents, which is three times the cost of yours, unless the taste, natural or acquired, demanded that kind of a cigarette.

Mr. MOSELY. I fully agree with that; yes, sir; it is an acquired taste.

Mr. UNDERWOOD. Then there is just one problem left of your case, and that is the question of whether we would raise more revenue on this tobacco. That is all your case stands on.

Mr. MOSELY. My presentation is this: We ought to have something, as they will not allow us to go into their country—and they are large consumers of tobacco—and will not allow us, under any circumstances, to sell tobacco in their country; and we ought to have some protection in order to keep them from absorbing our trade.

Mr. CRUMPACKER. Do you sell in France?

Mr. MOSELY. No, sir; because France does not raise any tobacco.

Mr. CRUMPACKER. What do you get for your tobacco in London?

Mr. MOSELY. It varies according to quality. We get, I should say, from 6 pence or 10 cents to 10 pence or 20 cents.

Mr. CRUMPACKER. A pound?

Mr. MOSELY. Yes, sir. In addition to that the buyer himself pays it before he gets it out of the bonded warehouse, or 70 cents a pound before it is delivered.

Mr. CLARK. Suppose the whole cigarette business was wiped off the face of the earth, how much could you sell this tobacco for for any purpose?

Mr. MOSELY. I do not think it could be sold for anything; we could not sell it for cigars, as it is only adapted for cigarette purposes.

Mr. CRUMPACKER. It is used by pipe smokers, is it not?

Mr. MOSELY. Yes, sir; it can be used for that.

Mr. CRUMPACKER. Turkish mixture is quite popular amongst pipe smokers, is it not?

Mr. MOSELY. Yes, sir; both.

The CHAIRMAN. The gentleman's time has expired.

STATEMENT OF F. E. HAMILTON, OF NEW YORK CITY.

Mr. Hamilton, having been first duly sworn, testified as follows:

Mr. HAMILTON. Mr. Chairman and gentlemen of the committee, I want to ask the committee to do what these gentlemen have asked you to do, what I believe will produce a greater revenue, by taking Schedule F and changing it all about, making a flat rate of 50 cents a pound on all tobacco that comes into the country, and \$2.25 a pound and 25 per cent ad valorem on all cigars.

The CHAIRMAN. You are opening up a big question now in your limited time.

Mr. HAMILTON. I am not going to talk about it. I am too hoarse.

The CHAIRMAN. Mr. Hill wants to know whom you represent.

Mr. HAMILTON. I represent all the importers in New York City who are interested in Cuban tobacco.

Mr. HILL. And you appear as counsel for them?

Mr. HAMILTON. I do; yes, sir.

Mr. CLARK. Why do you want this thing done that you are asking be done?

Mr. HAMILTON. For two reasons: First, to give the Government some more money, because you are going to cut down the tariff and you will have to have more money.

Mr. CLARK. You know enough about the tariff to know that there is such a thing as cutting down the rate and getting more revenue?

Mr. HAMILTON. That is what I am suggesting.

Mr. CLARK. You are asking that the tariff be put up to get more revenue?

Mr. HAMILTON. No, sir.

Mr. CLARK. You said you wanted a flat rate of 50 cents a pound.

Mr. HAMILTON. Yes, sir.

Mr. CLARK. And on cigars you wanted \$2.25 a pound and 25 per cent ad valorem.

Mr. HAMILTON. Yes, sir; you are charging 4½ now.

Mr. CLARK. Four and a half for what?

Mr. HAMILTON. Cigars.

Mr. CLARK. But we are not charging 4½ for tobacco.

Mr. HAMILTON. I am taking the whole thing.

Mr. CLARK. Sumatra leaf and everything else?

Mr. HAMILTON. Yes, sir.

Mr. CLARK. What do you think these Sumatra men in Connecticut will do to you?

Mr. HAMILTON. You asked me why this is suggested.

The CHAIRMAN. I think Mr. Hamilton ought to have his own time.

Mr. CLARK. I will withdraw the question and he may take his own way about it.

Mr. FORDNEY. You have only had one minute so far.

Mr. HAMILTON. Thank you, sir; I will charge the time to the committee. Mr. Clark asked me what the reasons are. They are two in number; first, as I was about to say, to produce a greater revenue for the Government, which I believe the committee can be satisfied will be the result, and, secondly, to produce a better and cheaper article for the consumer, as Mr. Underwood suggested this morning was, and should be, the real reason of any tariff that is not a revenue producer. Now, in this case I stand on both legs. This shall be a revenue producer, and it shall improve the quality that comes to the consumer. I desire simply to file my brief and to submit to this committee later on a mass of figures which I hope the committee will read.

Mr. CLARK. Are you through?

Mr. HAMILTON. Yes.

Mr. CLARKE. Then I will have to take up the rest of the ten minutes with you. What I want to get at is your proposition with regard to Virginia, North Carolina, and South Carolina, and precisely what would happen to you when brother Hill and his Connecticut contin-

gent and the Florida people get after you about this Sumatra wrapper business. They get \$1.85 a pound now.

Mr. HAMILTON. The two reasons for a tariff are not to take care of either Mr. Hill and his Connecticut people or somebody down in Florida, but other people as well. The two reasons for a tariff are to produce a revenue and protect the consumer and benefit the consumer. Now, if we can satisfy the committee and Congress that the suggestion I have made covers those two grounds, it makes no difference what Mr. Hill or his Connecticut people think, or anybody else.

The CHAIRMAN. Do you not take into consideration that the producer ought to be protected as well as the consumer?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. You said to protect the consumer and produce a revenue. They were the two reasons.

Mr. HAMILTON. I will add also the producer to a reasonable extent, but not to the extent that you have heard some gentlemen suggest here.

Mr. FORDNEY. Do you think this duty is a producer of revenue?

Mr. HAMILTON. I think it is a revenue duty largely.

Mr. CLARK. I represent the largest tobacco-producing State in the Union and we produce a character of tobacco out there that none of these higher rates apply to. They would not get any benefit from this out there. How are you going to furnish a better article by this process? Most of the filler for plug is made of a kind of tobacco in Missouri on that rich land that is too heavy and too thick a tobacco to be used in cigars and too strong to be used in cigarettes.

Mr. HAMILTON. When it comes to the plug tobacco question, I assume to say that there is not any imported that they make into plug tobacco.

Mr. CLARK. But how are you going to get a better article by this process of yours, putting this up to 50 per cent?

Mr. HAMILTON. If you are a smoker you can find out how you can get a better article by going into any good cigar store here and purchasing a cigar that is a genuine imported Habana-made cigar and paying 30 or 40 or 50 cents for it, and then going into another store and paying half as much for the cigar. That is just how you would get a better tobacco. It is a perfectly simple proposition.

The CHAIRMAN. Is it not an acquired taste?

Mr. HAMILTON. Entirely so.

Mr. CLARK. Out in Missouri they like that black tobacco and enjoy it as much as you would an imported Habana cigar purchased in New York City.

Mr. HAMILTON. Exactly; why not let us both have our tastes?

Mr. CLARK. The whole matter of smoking tobacco is a cultivated taste. There is not a man who ever used it that it did not turn him inside out at first.

Mr. HAMILTON. Yes, sir; but it is of great benefit to the Government when it is cultivated.

Mr. CLARK. I think the people would be a good deal better off without it, although I have a chew in my mouth right now, and I think the people of the United States would be better off if they did not use it; but the question is how to get the revenue out of the thing, and at the same time furnish a good article.

Mr. HAMILTON. Those are the two things that I desire to present later in a brief for the committee.

Mr. HILL. Do you know what the duty is on tobacco in Cuba?

Mr. HAMILTON. It is very high.

Mr. HILL. Do you know what it is?

Mr. HAMILTON. I do not know at present.

Mr. HILL. Do you not know that it is \$5 a pound?

Mr. HAMILTON. I know it is very high.

Mr. HILL. Three times as much as we charge.

Mr. HAMILTON. That does not make any difference with this proposition, does it? If there are any other questions that the committee desires to ask me I will be glad to answer them, if I can.

Mr. CLARK. What do the importers want this for; what makes them want it?

Mr. HAMILTON. Because we can sell more goods at a lower rate, of course.

Mr. HILL. Will you please name somebody that you represent?

Mr. HAMILTON. G. S. Nicholas & Co., of New York, and a dozen others.

Mr. HILL. Name one or two more.

Mr. HAMILTON. Park & Tilford—I will have to send you down the names. I came off in a hurry.

Mr. HILL. You appear as counsel for those parties, do you?

Mr. HAMILTON. Yes, sir.

Mr. HILL. Are they all importers?

Mr. HAMILTON. Yes, sir; as counsel for or their representative.

Mr. HILL. Do you include any tobacco association of any character?

Mr. HAMILTON. No, sir; not any association.

Mr. HILL. Purely jobbers—jobbing importers?

Mr. HAMILTON. Yes, sir. I made an effort to present this matter to the committee during the period of time that the committee was holding public hearings, and the representation will be largely increased by others who will unite with this movement.

Mr. HILL. You are only a jobbing importer, are you?

Mr. HAMILTON. Yes, sir.

Mr. PARK. When you file that brief that you say you will file, I wish you would insert the figures to show that we will get some revenue out of your proposition.

Mr. HAMILTON. I will do so.

The CHAIRMAN. That is all.

Mr. HAMILTON. Mr. Chairman, I desire to submit the following brief to be inserted in the record.

The CHAIRMAN. That may be done.

(The paper is as follows:)

WAYS AND MEANS COMMITTEE OF CONGRESS.

GENTLEMEN: In behalf of the importing cigar and leaf tobacco trade, of an important part of it, the dealers in fine cigars and leaf, I am authorized to present for your consideration the following petition:

That you will recommend to Congress in the revision of the tariff act such changes in Schedule F and paragraphs 213 to 217, inclusive, as shall result as follows:

Repeal paragraph 213, and to impose a flat rate of duty upon all wrapper tobacco, whether packed separately or together, and the same rate upon all leaf tobacco the product of two or more countries or

dependencies when mixed or packed together, whether stemmed or unstemmed, excepting only therefrom filler tobacco not specially provided for in the act of 1897, which shall remain as at present, to wit, 35 cents per pound if unstemmed, and 50 cents per pound if stemmed.

To repeal paragraph 214 in its entirety.

To reenact paragraphs 215 and 216 in their entirety.

To repeal paragraph 217, and to impose a duty upon cigars, cigarettes, cheroots of all kinds, of \$2.25 per pound and 25 cents ad valorem, and to apply the same rate upon paper cigars and cigarettes, including wrappers.

This request is made in the interest of the general public and the consumers and users of tobacco in its various forms.

Aside from the small importations from the Philippines, the total imports of tobacco and the manufactures thereof in the year 1907 yielded a revenue of \$25,795,612.04.

If the suggested change in rates upon tobacco and manufactures thereof were made, and importations remained the same, the revenue would be \$23,103,281.88.

The result to the consumer, however, would be that he would be supplied with a much higher grade of tobacco in all its varied forms at a cost reduced to him from 25 per cent to 35 per cent.

This would mean a saving to the great public, basing the estimate upon the consumption of tobacco in its various forms in this country, of more than \$25,000,000 of money.

Surely no tariff change has been contemplated that affects so large a number and results in so large a saving to the people.

But the reduction of duty upon wrapper tobacco and upon fine cigars and cigarettes would at once largely increase the importation of these forms of tobacco.

It may be estimated without danger of successful contradiction that the increase in importation would easily be 100 per cent in these forms of tobacco.

If such proved to be the case the added revenue, even under the low rate prayed for, would be about \$5,146,980.80 or, in other words, instead of diminishing the revenue by about two and a half millions, the income of the Government would be increased by the suggested change more than two millions.

The net result of this revision therefore would be a most material improvement in the quality of the tobacco supplied to the millions who use it in this country, such tobacco would be supplied at a saving to the consumer of more than \$25,000,000 of money, and the revenue of the Government would at the same time be increased by more than two millions.

The duty upon tobacco is a tariff for revenue not for protection, as the importation of tobacco does not and can not affect the home production and consumption, the grades and flavors of the two tobaccos being so entirely different. The present condition of the tobacco trade in the United States requires no protection.

As a tariff for revenue, and as well for the benefit of the consumer, the above change is earnestly urged upon your attention.

FRANCIS E. HAMILTON,
New York City, N. Y.

(Representing importing cigar and tobacco manufacturers.)

STATEMENT OF B. M. GRAW, OF LEHIGHTON, PA.

(The witness was sworn.)

Mr. GRAW. Mr. Chairman and gentlemen, we are here representing the entire lace-manufacturing body of this country, which consists of but nine manufacturing plants, and they are as follows: The Hall Lace Company, of Jersey City; The Warwick Lace Works, of River Point, R. I.; the Richmond Lace Works, of Alton, R. I.; The American Lace Manufacturing Company, of Elyria, Ohio; The Lehighon Lace Company, of Lehighon, Pa.; The American Textile Company, of Pawtucket, R. I.; The Rhode Island Lace Works, of West Barrington; Marshall, Field & Co., of Chicago, and the Jennings Lace Works, of Brooklyn.

Those are the only nine concerns in this country that are manufacturing lace trimmings, and five of those are represented here to-day: The Hall Lace Company, by Thomas H. Hall and E. W. Jennings; the Warwick Lace Works, by William Stoppard; the Richmond Lace Works, by C. H. Kind; the American Lace Manufacturing Company, by R. E. Ely; the Lehighon Lace Company, by B. M. Graw (myself) and J. E. Dodd; the American Textile Company, by R. F. Ely.

In view of the fact that the importers of lace have asked for a reduction of the present schedule from 50 to 60 per cent, and the cotton spinners on fine yarns a change in the present schedule from 78-2 to 180-2 in the price of yarn, amounting to almost double the present tariff, the lace manufacturer, who stands in the middle of those two, comes to-day asking for an increase in the tariff from 60 per cent to at least 70 per cent, and we propose by some of our experts who are with us later to show that we are entitled to this, owing especially to the question of the increased cost of labor in this country—that in addition to the fact that we have a very high tariff on fine yarns and that there is a tariff of 45 per cent on machinery, which is exclusively imported, in the manufacture of these laces. I will therefore make room for Mr. Thomas H. Hall, the practical man representing us, who will present his arguments asking for an increase in the tariff on the manufacture of lace.

Mr. UNDERWOOD. What is the consumption of lace in the United States, about?

Mr. GRAW. The total importations, comprising lace curtains and ruchings, amounted in 1907—I have not the statistics, but I will give them to you as near as I am able—to between thirty-five and forty millions.

Mr. UNDERWOOD. Imported?

Mr. GRAW. Yes, sir; and probably half of that will be lace curtains and edgings. We are asking for lace edgings and trimmings, which is practically an infant industry, represented by the only concerns in this country, which I have given here.

Mr. UNDERWOOD. The importation of lace trimmings, then, outside of lace curtains, amounts to about \$17,000,000 a year?

Mr. GRAW. Seventeen to eighteen million dollars a year, lace curtains.

Mr. UNDERWOOD. What is the production of lace curtains in this country?

Mr. GRAW. If anything, it is not more than seven million in this country by those particular nine plants.

Mr. UNDERWOOD. And the duty is how much?

Mr. GRAW. Sixty per cent on imported lace.

Mr. UNDERWOOD. You have a 60 per cent duty, and out of the twenty million consumed in the country seventeen million is imported. Is that right?

Mr. GRAW. That is about the proportion.

The CHAIRMAN. The total importations last year, at 60 per cent, is \$39,737,000. That includes lace and lace window curtains.

STATEMENT OF THOMAS H. HALL, OF JERSEY CITY, N. J.

(The witness was sworn.)

Mr. HALL. I can only speak, Mr. Chairman and gentlemen, from a practical standpoint. I have been engaged in the manufacture of lace for a number of years, ranging from lace nets to veilings and cotton lace, which we are now manufacturing. The experience which we have had during that period of time has indicated at all times a very close approach to the fact that in very many cases foreign lace could be brought here at a lower price than it can be made for. That, of course, is not true in all cases. I think you ought to understand one thing, and that is that laces are of great variety. The lace machine makes a great variety of goods. Some machines will make veilings and heavy lace—I am not speaking of lace curtains at all, but about trimming lace, such as is used by ladies on all kinds of garments, outer and under garments—and consequently it sometimes will happen that one article of lace may be fairly well protected by a 60 per cent tariff while another article of lace is not at all protected by a 60 per cent tariff. The cost of the machines for making this lace varies, but, according to size and gauge, that of the standard machines, which are now being imported, will cost somewhere from \$10,000 to \$11,500 when all set up and ready for running. The cost of the plant complete, according to figures which have been given to me and which I have verified to a great extent, and according to quotations which I have had from the other side, and in my own judgment, would be that the cost of the plant complete would be from \$19,000 to \$22,000 per machine to properly equip a lace factory. In other words, the investment is necessarily large. The duty, as you know, on such machinery is 45 per cent, and that, with the ocean freights and packing, which has to be done very carefully on such fine machinery, brings up the cost considerably. I would say, in the first place—and you gentlemen can verify it, and you probably know more about it than I do—that I consider on an average that the duty has been ranging anywhere from 20-2 and sometimes 30-3 to 200-2. That is a varying rate of specific duty, and I should say that the yarn which enters into the manufacture of lace will pay from 33 to 40 per cent duty if it were put on an ad valorem basis; in other words, the yarns which the English manufacture—a great many of those goods are made in England with yarns which the English manufacturer uses—will cost him not more than 25 per cent of what the yarn will cost us here.

The cost of labor varies in England and in France as it varies here, somewhat depending on the character of machines used, whether

of the largest type or not. Our larger type of machine would show the best results for the advocates of the lower tariff. We find that the large machines on the other side are machines of 220 inches or thereabouts in width, and are sometimes run as low as 9 or 10 cents, that is 4½ or 5 pence, and not, as a rule, more than 6 pence, or 12 cents; whereas on this side such a machine as that brings from 19½ to 23 or 24 cents; that is, the rack which is used by the lace manufacturers in estimating piecework. That means that the labor here costs practically, on the making, very nearly 100 per cent more, very nearly double. In the finishing we find that girls and women, who are employed on the other side, earn about 7 shillings—I may refer to papers?

The CHAIRMAN. Certainly.

Mr. HALL. We find in the finishing that the English pay \$1.25 to \$3 to girls and women for finishing and we have to pay from \$3 up to \$8.

Mr. CLARK. A week?

Mr. HALL. Yes, sir; a week. The other things are in proportion. and I think it is a perfectly safe proposition to say that we are paying at least double for the labor. In England and France, where the lace industries are centered largely, in certain localities there are certain provisions made for the manufacturers which enable them to work to great advantage and with great economy. Such a condition has in this country prevailed in Gloversville in the glove industry, where it is centered. Our industries are not centered; they are scattered through different parts of the country. There is no question at all, and I think it is safe to say, that the cost of overhead expenses—such as making the patterns, the jackard cards, to produce the patterns—the cost of rent and the other overhead expenses—will amount to probably 20 per cent of the cost of the finished product, and the average over there is less than half of our cost here, as a general rule. Many of those conditions will be eventually improved on in this country. Our cost will be reduced as more manufacturers come here but at present that is exactly what we have to contend with.

The CHAIRMAN. Your time has expired. I will give you three minutes more.

Mr. HALL. I would say that the cost of yarns will vary—the percentage on a basis of 10 over here on the cost of yarn and labor would vary from yarns, we will say, two-tenths of yarns, or 20 per cent on yarns, 60 per cent of labor, and 20 per cent of the overhead expense of which I have spoken down to 40 per cent of yarns, 40 per cent of labor, and 20 per cent of overhead expenses.

The CHAIRMAN. Have you those figures in your brief?

Mr. HALL. I have them in the shape of a brief, and I would be very glad to put them in. Reducing it on the basis on which I have spoken—in this one case 70 per cent, for which we have asked—would bring the total cost of producing lace in the one case up to 93.5 per cent of American cost, and in another case it would bring 102 per cent of the American cost.

Mr. UNDERWOOD. If this increase is allowed you, do you think that that will develop the lace industry in this country so that it will ultimately stand on its own feet as a competitor of foreign lace?

Mr. HALL. I certainly think it will do so up to the point where the normal difference in labor will come in. I think we are paying

an abnormal difference in labor at the present time, which would not occur if the lace industry was fairly established in this country.

Mr. UNDERWOOD. Do you think we can ever make as fine a lace in this country as the Irish and French lace?

Mr. HALL. The Irish laces are not machine-made laces. I am only speaking of machine-made lace. There are a great many handmade French laces, but the laces that I speak of are machine made, and there is no reason why we should not produce just as fine laces here as they do in France.

Mr. UNDERWOOD. This would only apply to the machine-made laces?

Mr. HALL. That is the one in which we are asking for an increased duty.

Mr. HILL. You asked for an increase from 60 to 70 per cent?

Mr. HALL. Yes, sir; on the lace schedule.

Mr. CLARK. How long have you been in the lace business?

Mr. HALL. We have actually been making curtain laces, which are the ones mostly produced in this country, since 1904.

Mr. CLARK. How much money did you put in when you started?

Mr. HALL. I would have to go some distance back to answer that question clearly.

Mr. CLARK. What I want to get at is, how much did you put in when you started into the lace business for yourself in 1903 or 1904?

Mr. HALL. The Hall Lace Company, which I represent here, was really established in 1905. It started with part of a plant which belonged to H. S. Hall, and which was included in a plant, a general manufacturing plant, part of which was given over to the manufacture of silk gloves. This part of the plant, I might say, had been largely used in making hair nets.

Mr. CLARK. Do you know how much you put in?

Mr. HALL. I know exactly what was put into the business.

Mr. CLARK. How much was it?

Mr. HALL. I do not wish to evade the question at all. I am trying to put it in a clear way. The total expenditure for machinery, including fair allowances for what we already had at that time, was about \$45,000.

Mr. CLARK. How much is your firm worth now? How much is that company worth now?

Mr. HALL. About the same amount.

Mr. CLARK. How much dividends have been paid?

Mr. HALL. I would say it is worth about \$10,000 more than that. It has not paid any dividends at all.

Mr. CLARK. It has been losing money all the time, has it?

Mr. HALL. I would not say that; we have made a great deal of money, but we have little money.

Mr. CLARK. How did you dispose of what you have made?

Mr. HALL. For working capital.

Mr. CLARK. How much working capital have you got?

Mr. HALL. I would have to get my balance sheet to answer that.

Mr. CLARK. About how much? You surely know something about it.

Mr. HALL. I do not see how I can answer that question clearly to the satisfaction of the committee.

Mr. CLARK. You will answer it to the satisfaction of the committee if you will state the facts. I can tell within \$100 of how much I am worth in less than two hours from now, and I do not see why you can not. What I want to know is this: How much money you have put into that thing and how long you have been at it, and how much money you have made. I do not care a straw what you did with the money, whether you put it in your pocket or invested it in a house and lot, or whether you put it back in this plant to increase the value of the plant. You surely must be able to tell, and if you can not do it now I want you to put it in your brief.

Mr. HALL. I am personally willing to do that. I think I understand what you mean. Our assets are, if I remember correctly, about \$55,000, the net assets of the concern.

Mr. CLARK. Now, in the meantime you have all made a living out of it?

Mr. HALL. Yes, sir; in the way of salaries. Nothing has been paid out except for services rendered.

Mr. CLARK. Did you dispose of any part of this property in any other way but to increase your plant?

Mr. HALL. No, sir; we did not—positively, no.

Mr. CLARK. And your net profits out of it, then, are a living for all concerned in the way of salaries and \$10,000 increase in the plant?

Mr. HALL. Yes, sir; about that.

The CHAIRMAN. That is all, Mr. Hall.

STATEMENT OF MR. O. T. ZINKEISEN, OF NEW YORK.

(The witness was sworn.)

Mr. ZINKEISEN. My appearance before you is to ask that the duty on acetic acid anhydride be allowed to remain at the rate now in force as in accord with the decision of the federal courts at 2 cents per pound.

Mr. CLARK. That is a by-product of wood alcohol.

Mr. ZINKEISEN. Yes, sir.

If there should appear to your honorable committee any good and just reason for adding to paragraph 1, Schedule A, that no duty less than 25 per cent ad valorem shall be levied under that paragraph, that in that case the committee consider inserting into their draft a paragraph specifically imposing 2 cents per pound duty on this product.

The Oil Paint and Drug Reporter under date of November 23, 1908, on page 41, beginning with the words "Phraseology of Dingley Act tentatively revised," shown in the copy here submitted, declares that "the text of the chemical schedule has been finished," and also that "the amendments are indicated by italics."

[Inclosure submitted to the committee.]

[Special to Oil, Paint, and Drug Reporter.]

PHRASEOLOGY OF DINGLEY ACT TENTATIVELY REVISED—WAYS AND MEANS COMMITTEE PREPARING CHANGES IN THE WORDING OF PARAGRAPHS, SO AS TO ELIMINATE AMBIGUITIES AND MAKE THE READING PLAIN AS TO THE INTENTION OF CONGRESS—PROPOSED ALTERATIONS IN SCHEDULES COVERING CHEMICALS, OILS, AND PAINTS.

WASHINGTON, November 20, 1908.

As a preliminary step to the enactment of a new tariff law, the Ways and Means Committee is preparing a comprehensive tentative revision of the phraseology of the Dingley Act, for the purposes of eliminating all ambiguities, providing

specially for a large number of articles not mentioned in the present law, and which have become of commercial importance since 1897, and forestalling further developments in the leading manufacturing industries of the world. No attempt is made in drafting this revised classification to fix rates, that task being deferred until after the close of the hearings now in progress. The work of amending the phraseology of the law is not yet completed, but the text of the chemical schedule has been finished and the Reporter's correspondent is enabled to present below such paragraphs thereof as have been revised, together with a brief statement of the reasons for the proposed changes where such reasons are not perfectly obvious. The amendments are indicated by capitals. The paragraphs not cited have not been changed from their present form.

SCHEDULE A.—*Chemicals, oils, and paints.*

1. Acids: Acetic or pyroligneous acid, not exceeding the specific gravity of one and forty-seven one-thousandths, — per pound; exceeding the specific gravity of one and forty-seven one-thousandths, — per pound; boracic acid, — per pound; chromic acid and lactic acid, — per pound; citric acid, — per pound; salicylic acid, — per pound; sulphuric acid or oil of vitriol not specially provided for in this act, — per pound; tannic acid or tannin, — per pound; gallic acid, — per pound; tartaric acid, — per pound; all other acids not specially provided for in this act, — per centum ad valorem: *Provided, That no article classified for duty under this paragraph shall pay less than — per centum ad valorem.*

Comments.—In *Lueders v. United States* (140 Fed. Rep., 970; T. D. 26460, June 1, 1905), acetic anhydride, which is not chemically an acid, was found by the court to be commercially known as an "acid," and was held to be dutiable under the provision for acetic acid at 2 cents per pound, against the contention of the Government that it was properly classifiable as a chemical compound at 25 per cent.

Acids and anhydrides are chemically distinct, although frequently confused. At the time of the decision of the Board of General Appraisers, which was reversed by the *Lueders* case, pyroligneous acid, a kind of acetic acid, was quoted in Merck's Index at 39 cents per pound; acetic acid glacial, 98.8 per cent pure, at 74 cents per pound; while acetic anhydride, the article here in question, was listed at \$4.14 per pound.

It is suggested that the most practicable and practical way to meet this ruling and possible future ones on other anhydrides bearing the names of acids denominatively mentioned in the paragraph is to provide that no article classified under this paragraph shall pay a less rate of duty than the ad valorem rate indicated therein for acids not specially provided for.

The amendments (or better, the amendment, for there is only one), printed in italics, to wit, "*Provided, That no article classified for duty under this paragraph shall pay less than — per centum ad valorem.*" would seem at first glance to be of a general nature and intended only for the removal of ambiguity and for the general welfare of the chemical industry in America. A second reading, however, will show that this amendment is as much aimed at acetic acid anhydride as anything else, in order to get around the decision of the federal court "in *Lueders v. United States* (140 Fed. Rep., 970; T. D. 26460, June 1, 1905)."

This product is not an article of general consumption, nor is much used, but it is at present necessary to certain going chemical manufacturing enterprises in this country. Up to the present American manufacturers of heavy chemical never considered it of sufficient importance to bother about making it. Presumably acting upon a report that a little more of this product might find its way into special fields, some "heavy chemical" makers apparently favor and are sponsors of this increased duty, totally regardless as to the effect such an excessive duty will have upon the industries already established here, to whom it is necessary. Not a pound of acetic-acid anhy-

dride has ever been made in this country which was sold in the open market. Therefore no vested capital can justly ask protection, nor would a single American laborer suffer if the duty on this product remains at 2 cents per pound, as decided by the courts. It is needless to say, however, that the American makers of heavy chemical, should these actually succeed in producing acetic-acid anhydride, would be the only beneficiaries of such advance at the expense of the industries now buying the product for use in their processes.

1. Even if the prohibitive duty of 25 per cent ad valorem were imposed, it is highly improbable that this acid would be successfully made in the United States, because the largest European factory producing it now has a patented process. So far as I know, this factory does not even offer any acetic anhydride for sale, but consumes all it makes. If, then, the product is made here by the old unpatented process, a special chemical must be used which is not and probably will not be made here for a long time to come, because the demand for it is so small and the making so hazardous that so far as I know only two foreign factories are producing it to supply the entire world's consumption. Further, it is most doubtful if this special chemical can be transported. It is extremely dangerous to life, and since it can only be transported in tanks in compressed form, sudden jars would be apt to cause explosions. It is therefore safe to say that no steamship company, knowing the contents of these tanks, would accept them under any consideration whatever. It is doubtful, therefore, in the minds of well-known authorities that acetic-acid anhydride can be successfully made here for many years to come, for the demand for the special chemical referred to will not for some time be sufficiently large to warrant its extremely uninviting process of manufacture on this soil.

2. Assuming, however, that this special chemical will be produced here, say, in three years from now, which is hardly likely, there is none the less no fair reason why the duty on acetic anhydride should be raised from 2 cents per pound to 25 per cent ad valorem, an increase of 150 per cent; that is, from approximately 10 per cent to more than 5 cents per pound; or from approximately \$40 per short ton (2,000 pounds) to more than \$100 per ton. The raw material for acetic acid of all forms, as produced by chemical factories, is made directly from acetate of lime. This raw material is made so cheaply and in such abundant quantities in the United States that more than half of the annual output is exported. In normal years there are about 70,000 tons produced, of which more than 30,000 tons are exported to Germany, England, and France, and for the rest to all corners of the globe. The manufacturers of heavy chemicals in this country, who are now seeking to have the duty on the acetic acid anhydride advanced, are quite sufficiently protected therefor by the present rate at 2 cents per pound duty, for the American producers of acetate of lime can and do sell this raw material cheaper than any other country, or they would be unable to export it in such large quantities.

Further, to produce 1 pound of acetic acid anhydride 2 pounds of pure acetic acid (made from this acetate of lime) are required. Wherefore it is plain that the principal ingredient of the acetic anhydride is acetic acid. The process is simply the extraction of

1 molecule of water (which is contained in the acetic acid) from 2 molecules of pure acetic acid.

And this leads me to respectfully call the attention of the honorable committee to that part of the article above cited from the Oil, Paint, and Drug Reporter, which quotes prices from Merk's Index, namely, 74 cents per pound for pure acetic acid and \$4.14 per pound for acetic acid anhydride. This paragraph is distinctly misleading. I don't know what kind of acetic acid anhydride the kind quoted may be, but I do know that the average market price for several years past for pure acetic acid, so-called "glacial" (because pure acid of this kind solidifies at a comparatively high temperature), has been around 10 cents per pound in ton lots, and acetic acid anhydride of the very same kind which is under discussion here has been bought during that time and is being bought to-day in ton quantities at 22½ cents per pound, and I shall be pleased to take orders for it at that price. That price is in exact proportion to the price of again as much ordinary pure acetic acid as explained, plus the interest on the money invested in the apparatus, plus the usual "charge off" for deterioration of machinery, and plus just an ordinary profit in manufacture. And in this connection it is just as well to point out that acetic acid anhydride should be properly classed as a "heavy chemical," by which is ordinarily meant a chemical sold by the hundredweight, or ton, for instance, as are ordinary acids and caustic soda, for example. The cost of labor in the production of heavy chemicals forms no material part of the actual cost. I know of a factory, for instance, which I visited this summer, having a capacity of from 8,000 to 10,000 barrels of a chemical product per month, and the president of that company, while showing me the plant, informed me that the one man I saw operated the four huge floors of apparatus. That is to say, heavy chemicals, such as this acetic acid anhydride, involve principally an engineering problem, which, once solved, permits the plant to run almost automatically.

As further evidence that acetic acid anhydride should be properly classed as a heavy chemical, the proposal for the amendment to increase the duty to 25 per cent ad valorem appears in the officially published reports of hearings before your committee and of the communications sent to you as coming from the Manufacturing Chemists' Association of the United States. This association includes makers of "fine" and medicinal chemicals as well as those who produce "heavy" chemicals. A meeting of this association was recently called to take steps for presenting its claims before your committee. A member of this association, who is an important factor in the production of "fine" chemicals, told me within a few days that though asked to join the committee which called on you, he declined, because he considered the proposal which was offered as being of interest only to the makers of "heavy" chemicals.

If now the duty is raised to 25 per cent ad valorem it is more than probable that the Government will lose its revenue of 2 cents per pound from this source, because the advance would be prohibitory. Further, I know of three chemical factories in this country which would be most seriously affected on account of this added price for this raw material used in products of importance to them. The proposed provision affects me as merchant only in a comparatively small way, but I have first-hand information that one of the largest con-

sumers of chemicals in this country has made a contract for several years to come, and that the acid anhydride must be used in an enterprise sending its products all over the world. Also, I know of my own knowledge that the welfare of several other chemical plants would be seriously affected should this measure be enacted. These factories are actually employing labor now and their success depends upon cheapness with which they can produce certain articles by the aid of the acetic acid anhydride. For these I am authorized to speak, as well, and I have given you the names of several. They entered contracts for covering their demands of acetic anhydride in good faith, based upon the decision of the federal court above mentioned.

Inasmuch as the "heavy" chemical makers of this country have been called upon, year after year, for this product and have never produced it, the factories now actually using the acetic anhydride would find themselves without any source of supply should the article not be made satisfactory here and the advance duty make the price for the product too high to be successfully used. I repeat that a number of industries are at stake, and that, especially, one large factory employing thousands of skilled operators will be seriously impaired, and I respectfully pray that your honored committee give these facts your serious consideration.

The CHAIRMAN. Mr. Zinkeisen, that suggestion with regard to an amendment to that section was made to me by that case of *Leuders v. Somebody*, and has not been acted on at all by the committee. I understand that this acetic anhydride—is that the name?

Mr. ZINKEISEN. Yes, sir.

The CHAIRMAN. Costs about \$4 a pound.

Mr. ZINKEISEN. No, sir; I have all that in my paper. I am willing to sell anybody at 22½ cents a pound just as much as he wants; his credit is good.

The CHAIRMAN. Is that manufactured in this country?

Mr. ZINKEISEN. No, sir.

The CHAIRMAN. Is it manufactured under a patent?

Mr. ZINKEISEN. Not entirely; one factory works under a patent, but it is an old chemical, as old as the hills. It has never been found worth while to make it in this country. They do not want to bother with it, because the total importation does not amount to anything. It is only recently that a new industry has found it valuable, and some have thought it profitable to take up, and they want to take it up, provided that—

The CHAIRMAN. I understand that in films for moving pictures it has been discovered that this acid can be used, and when they are made with this acid they are fireproof; they can not be burned up.

Mr. ZINKEISEN. You are quite right. That is a very important discovery.

The CHAIRMAN. That is correct, is it?

Mr. ZINKEISEN. Absolutely; yes, sir.

The CHAIRMAN. And that large contracts have been made for a couple of years for this acid on which the manufacturers here are to pay the duty?

Mr. ZINKEISEN. Yes, sir; that is right, so that this proposed raising of the duty would act retroactively.

The CHAIRMAN. The Rochester Kodak Company, I believe, uses it?

Mr. ZINKEISEN. Yes, sir; that is one of the concerns that is particularly interested in keeping the price within reason.

The CHAIRMAN. I understand that they are making 90 per cent of the films that are used?

Mr. ZINKEISEN. That I am not in a position to state.

The CHAIRMAN. I wanted to assure you that the question is all open, so far as adopting this language or adopting any duty of that kind on this acid is concerned. The language was suggested because of this decision, and suggested with a view that if the committee should think that those acids should pay not less than 25 per cent in order to bring this acid in, that then they had a convenient way of meeting this Leuder case. That was the only suggestion made with regard to it. The committee has not acted on it at all.

Mr. ZINKEISEN. The point I wanted to make was that the federal court decision was the basis upon which those contracts were made. It is perfectly legitimate. We supposed that the authorities would be satisfied.

The CHAIRMAN. There is no question that the duty should be reduced if those facts are correct. It can not be made in this country and is a basis for a large manufacturing industry, and it would seem that there is no argument for increasing the duty to 25 per cent.

Mr. ZINKEISEN. It does not seem so to me for this reason: We are now paying 2 cents a pound duty flat, and it is enough as it is. Apart from that, if this duty is raised, that means 5 cents a pound on it. It is going not only to inconvenience and seriously impair this industry, but I understand they have an entirely new building, and have gone to a great deal of expense in getting out this entirely new process for making noninflammable films, which is very important, because they have had so many disastrous fires on account of those films, as you all know; but apart from that there are three other smaller industries which have been in existence a number of years and which I know have used this acetic anhydride for at least five years, which will be very seriously inconvenienced by a further raise in the duty. I have given you the names of two of these, in whose behalf I also speak. They are making fine chemicals, but the demand has been so small in this country for acid anhydride that nobody cared to bother with it, and that is the reason why conditions are as I have presented them. Those contracts have been based on the decision of the courts and the fact that no American make was to be found.

The CHAIRMAN. You had better file your brief and it will be printed in the record, and the committee will consider it very carefully. I will file also a telegram from Walter S. Hubbell, of Rochester, N. Y., the attorney for the Eastman Kodak Company, of New York.

(The telegram is as follows:)

ROCHESTER, N. Y., December 15, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

Having just learned that hearing will be given to-morrow on revision phraseology Schedule A, relating to chemicals, paints, and oils, section 1. This schedule includes acetic anhydride, which, if duty is

made 25 per cent ad valorem, will be liable to duty of 5 cents per pound at present. By ruling of court it is classified as acetic acid, anhydrous, at 2 cents per pound. Eastman Kodak Company has recently discovered and perfected process for manufacturing non-inflammable film for moving pictures which will be of tremendous importance by reason of its safety. It used every effort to purchase anhydride in this country, but none of the big chemical companies would undertake to make it, and leading chemists say it can not be made here. Kodak company was therefore forced to purchase abroad, as no substitute can be used. It therefore made contract with German concern to furnish a quantity monthly about as large as total yearly imports into this country heretofore. This contract extends over two years, duty to be paid by us. Cost of manufacturing new film will be greater than cost of manufacturing present film even if duty is not raised, because the acetic anhydride, which costs 20 cents per pound, takes the place of mixture of nitric and sulphuric acid used in present inflammable film costing less than 2 cents pound. Anhydride can not be made in this country because of patents held by foreign manufacturers, and because the process requires use of large quantities of liquid chlorine, which is not made in this country. All our calculations and estimates to customers for new film have been made on the assumption that the duty would not be increased. At least 90 per cent of all moving-picture films used throughout the world are now made in America. Unless we can make the noninflammable film this country may lose all or greater part of this trade. Acetic anhydride should be on free list, not only for above reasons, but because one of the principal materials used in its manufacture—acetate of lime—is all obtained from this country. We ask, therefore, that it be put upon free list, or if that can not be done, then that it be made subject to a specific duty not to exceed 2 cents per pound, which is present rate. This matter is of tremendous importance to kodak company. I must be in court this week. Can you give us hearing next week?

WALTER S. HUBBELL.

MR. CLARK. I want to get the reporter to correct one expression that I used, in which the witness and I were both wrong. I said acetate of lime was a by-product of wood alcohol, and I wish to change that by saying a by-product of charcoal.

MR. ZINKEISEN. That depends upon circumstances. There are some plants where charcoal is not made at all. You can use the ends and slabs of sawmills, which often yield no charcoal.

THE CHAIRMAN. The question is, Which is the most valuable product? The charcoal theoretically should be the main product, the chemical by-product.

MR. ZINKEISEN. The chemical product is made to be quite important.

(Mr. Zinkeisen was here excused.)

STATEMENT OF MR. B. L. CROUCH, OF CORPUS CHRISTI, TEX.

(The witness was sworn.)

THE CHAIRMAN. I want to know whether Mr. M. L. Linsberger is here. He does not appear to be. You may proceed, Mr. Crouch.

MR. CROUCH. Mr. Chairman and gentlemen of the committee. I am here at the request of the Texas Sheep and Goat Raisers' Association

and the West Texas Sheep and Goat Raisers' Association, to make known to your committee what the sheep and goat raisers of Texas believe their industries are entitled to at the hands of your committee and Congress when distributing what they believe to be the benefits to result from the application of the protective-tariff policy of our Government. While the interests represented by these two associations are large, the sheep industry being much larger than that of the goat industry numerically, still the two industries are so similar in their needs at the hands of legislative bodies, both state and national, that they are what you might term twin industries, and while the National Wool Growers' Association, as I understand, has been represented here before your committee, and the woolgrowers of Ohio also, the woolgrowers of Texas naturally allow themselves to feel that we do not wish to undertake to take exception to any requests of the woolgrowers of other parts of our country less favorably situated than they are by reason of climatic reasons. It would be selfish, perhaps, of them to do so. Consequently, we have little or nothing to say in regard to the benefits that we hope the industry will receive at your hands, for the reason that, as I remarked, the woolgrower located in Texas is prepared to accept whatever the woolgrowers of portions of our country less favorably located are willing to accept.

Passing from the sheep industry, notwithstanding that I have remarked what the woolgrowers of Texas are willing to accept, whatever the woolgrowers of other parts of our country less favorably situated are willing to accept, I wish to state that, as you all know, Texas has an enormous area that is exceedingly well adapted to the sheep industry, and under proper legislative aid will be able to produce a very large proportion of all the wool consumed by the present population of the United States.

The CHAIRMAN. How much protective duty on wool do you think Texas needs?

Mr. CROUCH. I remarked that Texas is fully willing to accept—

The CHAIRMAN. I do not care about that; I want the cents per pound.

Mr. CROUCH. Mr. Chairman, my nearly thirty years' experience in the business of woolgrowing in Texas leads me to believe that the industry of that State is little, or not at all, able to withstand any reduction from the present rates of protection given it. I infer that, or rather that is my conclusion, from experience in the business of sheep growing—that is, sheep raising and woolgrowing—during the years from 1866 to 1893, going out of business on the eve of the adoption of the free-wool policy, a close observation of the effect of the application of the free-wool policy had on the industry during the free-wool years, and the effect that the reapplication of the protective policy has had on that industry since the adoption of the present tariff since 1897. That is why I give it as my opinion that the wool industry in my State is little or not at all able to stand reduction from the present rates of import duty. The industry of our State is conducted at the present time on very small profits, so that our people are barely encouraged to keep in the business.

The CHAIRMAN. I am afraid you are not doing as well as the people of Wyoming.

Mr. CROUCH. That is true; we have not been; but the conditions are these: In our State we are heavily overrun with the wolf. We are

endeavoring to secure legislation from our legislature, which convenes next month, to enact legislation that will enable the people to go out and exterminate the wolves.

The CHAIRMAN. Yes; I think that Texas should take care of her wolves.

Mr. CROUCH. They passed a law last March by an overwhelming majority of the legislature—

The CHAIRMAN. Oh, they passed a law to take care of the wolves?

Mr. CROUCH. It did not become a law, because there was no money in the state treasury. The state treasury was \$473,000 behind with our current expenses, and under the tax laws in existence at that time the State was unable to collect a sufficient amount of revenue to meet her expenses.

The CHAIRMAN. If Texas has not enough money to take care of her wolves, I do not think it matters much about having a tariff on wool.

Mr. CROUCH. We have \$800,000 surplus in the treasury at the present time.

The CHAIRMAN. You had better sell some of your public lands, all over the State. But that is getting on to another question; that is aside.

Mr. CROUCH. Aside from the wool industry that our State is able to build to enormous proportions, we have a goat industry. While at present it is of very small proportions, the goat stock is mainly of the Angora species.

The CHAIRMAN. The goat there is scheduled with wool?

Mr. CROUCH. It is in this schedule for tariff rates under the present law; but, Mr. Chairman, it should no more be scheduled with wool when arranging a tariff bill than silk should be.

The CHAIRMAN. You are not asking a higher duty on it, are you?

Mr. CROUCH. Yes, sir; we are; we are asking an increase of duty on the hair of the Angora goat from the present 11-cent rate to 18 cents.

The CHAIRMAN. If you are going to tackle that proposition I think you ought to have fifteen minutes from the present time.

Mr. CROUCH. We are in earnest in this matter. I want to explain why we are asking this. It is true the importation of Angora goat hair into our country is very small, but the little that is imported, you all know, is made into fabrics that are used exclusively by the well-to-do element of the country; that the laboring multitudes buy scarcely a dollar's worth of it. If you will give us a little better protection than we are now receiving, we will produce every pound of Angora goat hair that this country can consume, not only with its present population, but with twice or three times the population it has. We know that from the forty years we have been experimenting with that industry in our State.

Mr. RANDELL. I want to ask you a question. You say that if we raise the tariff higher, all the mohair, or the hair of the Angora goat, that is needed in this country will be produced here?

Mr. CROUCH. I said so.

Mr. RANDELL. There is very little imported now, is there not?

Mr. CROUCH. Our production is very small and our importation is very small.

Mr. RANDELL. Then that would be a prohibitive tariff; there would be no revenue from it at all?

Mr. CROUCH. I do not say that it would be prohibitive.

Mr. RANDELL. If we purchased all that was produced here, where would we get the revenue?

Mr. CROUCH. The importation is about 2,000,000 pounds.

The CHAIRMAN. I think this gentleman ought to have a chance to state his proposition pretty fully.

Mr. RANDELL. I want to find out what he believes.

Mr. CROUCH. We ask this increase of protection, Mr. Chairman, for the reason that it will encourage increased effort to increase the Angora goat flocks of our country as a whole. It is not only the arid portions of Texas, but the arid portion of New Mexico and Arizona, and while I have never been on the Pacific slope, I am told by friends who have been living there that they have large areas there exceedingly well adapted to the successful growing of the goat. We know that we have on this side of the Pacific coast many millions of acres that are exceedingly well adapted to the goat industry, and the goat, we know, is exceedingly prolific. It is hardy and exceedingly prolific in the dry areas. Not so in the rainy portions of our country, where they have to suffer from the cold rains. They can not stand the cold rains as well as the sheep can, but in the dry areas, the arid and semi-arid districts, they are not only exceedingly healthy, vigorous, and prolific, but they are an animal capable of turning into profit millions of acres in that country that is now lying useless, and capable of producing that which we are importing in large numbers in the shape of the skins. As you all know, the importation of goatskins into the United States has come to be quite considerable, and they are coming into the country absolutely free of import duty.

We ask, also, Mr. Chairman and gentlemen, that you aid us, and not only aid us, but that you give us an equal distribution of the benefits from the application of the tariff law by giving us an import duty of 10 cents a pound on every pound of goatskin that is imported into the United States.

The CHAIRMAN. In addition to the hair on the skin?

Mr. CROUCH. Yes, sir; in addition to the hair of the goat.

Mr. RANDELL. Is the quality of the skins that are produced here on the Angora goats the same as the goatskins principally imported into this country?

Mr. CROUCH. The Angora skins, as you know, are not so valuable for making morocco leather; they are valuable for making kid leather and not morocco leather, for the reason that they are not heavy enough.

The CHAIRMAN. Proceed.

Mr. CROUCH. Mr. Chairman, you ask if we ask this import duty in addition to what we ask on the hair. You know that you protect the mutton grower and the beef grower by 2 cents a pound on the refrigerated meat brought into this country; otherwise you know that our Atlantic coast cities would be filled with beef from the Argentine country. You know that the mutton and beef growers of our country are protected by 2 cents a pound on meats, otherwise you know that our Pacific coast would be supplied with mutton and beef from Australia.

The CHAIRMAN. You are a little mistaken about what I know. I do not know that.

Mr. CROUCH. I beg your pardon. I do not think you understood me. I beg to correct myself. What I meant to say was that you

know that you protect the beef and mutton growers by a 2-cents a pound import duty on fresh meats, and you also know that you protect the wool grower for the fleece of the sheep. It seems to me it puts the Angora goat on exactly the same plane that the sheep stock is put on.

The CHAIRMAN. It is now?

Mr. CROUCH. Yes.

The CHAIRMAN. Exactly on the same plane?

Mr. CROUCH. The sheepskin, though, is not imported into this country in any considerable quantities.

The CHAIRMAN. Suppose it is not. There is no duty on it?

Mr. CROUCH. That is very true, and it is very desirable. If it was imported the sheep raiser should be protected.

The CHAIRMAN. Lambskins furnish most of the leather for making gloves.

Mr. CROUCH. But it is produced at home, here, I think.

The CHAIRMAN. Kid gloves are made out of lambskins largely.

Mr. CROUCH. I want to submit a little statement here in regard to the quantity of goatskins that are being imported in this country, in a little tabulated statement, that if you have not brought it to the same condition, it may serve as a little indication as to what our country is importing and consuming in the shape of the goatskins. As you will notice there, Mr. Chairman, while the importations began twenty years ago, with comparatively small amounts in cost, they have grown until they have become large. Our country has the conditions necessary to produce the stock of goats that, under proper legislative aid and protection, will enable us in a reasonable length of time to produce nearly, if not all, we believe, of the goatskins that are now consumed by our people. You all know, Mr. Chairman, that the fabrics made from the skin of the goat which we are so largely importing are not worn by the laboring multitudes, but are worn by the element of our people who are of good families or good incomes, or of the extravagantly wealthy; that the giving us what we ask—10 cents a pound protection on the skin of our goats, which would be equal to an ad valorem duty of about 34, 35, or 36 per cent—would give you, provided the importations continue as they have gone on in recent years, an item of revenue of \$10,000,000, which is worth considering, as you are aware, and in addition to that, Mr. Chairman, you know that every dollar of that \$10,000,000 revenue would be taken from the people who are able to contribute it to the revenues the Government is compelled to have.

In addition to that, I want to assure you, and I think my assertions will be borne out by our Congressman, a member of your committee, with this stock of goats that we will build, which will produce every pound of hair of the goat that our people will need, even with three times the population that we have now, judging the future by the past as to the consumption of mohair, we will produce in addition to that 100,000 tons annually of choice meats, and it will be made from a growth of vegetation that only goes to waste from the want of the goat to consume it, for the reason that it is out of the reach of the sheep, and it is a kind of vegetation that the cattle stock care very little for, and a great portion of it is grown on portions of our country that are so cliffy and rocky that they are utterly inaccessible to the cattle.

Mr. RANDELL. I would like to ask you a question there. What is done each spring with the greater percentage of the kids of Angora goats? I am speaking now of southwestern Texas.

Mr. CROUCH. The kid is grown and matured, generally, near the towns. In the western part of the State the kid is largely slaughtered for meat, the same as the lamb 4 or 5 months of age, and the owners of flocks of a few hundred or a thousand, say, of nannies, tell me that the most profitable purpose that they can put their hilly lands, nonagricultural lands, to is to the keeping of the common goat and of fattening the kid, simply by the mother's milk, keeping it in the corral until it is 6 or 7 weeks old, and selling it to the butcher.

Mr. RANDELL. Are the flocks increasing or decreasing?

Mr. CROUCH. Our comptroller's reports show that during the last six years our goat stock in Texas has nearly doubled. It is true we have only a little stock, only about 800,000.

Mr. RANDELL. You say that the goatskins raised in this country are the kind we make kid gloves out of?

Mr. CROUCH. Yes, sir; that is what I am told by the tanners.

Mr. RANDELL. Your importations now amount to something over 100,000,000 pounds?

Mr. CROUCH. Yes.

Mr. RANDELL. And you think that these importations would decrease if we should put a duty of 10 cents a pound on the skins?

Mr. CROUCH. I am led to that conclusion by the fact that this statement shows that during the last twelve years the price of the goatskins that we have imported in such enormously increased quantities has gone from 20.2 cents a pound in 1895 to 31.3 cents in 1907. If the importations have increased so enormously in the face of such increased cost—50 per cent increased cost per pound—it seems to me reasonable to conclude, gentlemen, that the little increased cost that will be added to the cost of a pair of lady's kid gloves or a pair of lady's kid shoes by reason of the levying of 10 cents a pound import duty will be so slight that it will not have a deterring effect on those who buy these commodities so much so as to cause these importations to decrease.

Mr. CLARK. Mr. Witness, the Angora goats are raised for three purposes, are they not—meat, skins, and wool, or hair, or whatever you call it?

Mr. CROUCH. They are.

Mr. CLARK. And in addition to that they are the best scavengers in America?

Mr. CROUCH. They are.

The CHAIRMAN. Do they milk them?

Mr. CLARK. No; they do not milk them yet. Let me ask you about the effect of this tariff. The quantity of goatskins imported into the United States, according to these figures, is absolutely deceptive, is it not?

Mr. CROUCH. I do not understand you.

Mr. CLARK. They are imported, and the importers pay this tariff, whatever it is?

Mr. CROUCH. There is no tariff on goatskins.

The CHAIRMAN. They are imported with hair on, are they not?

Mr. CROUCH. There is no tariff on the skins.

The CHAIRMAN. But there is on the hair?

Mr. CROUCH. Yes.

Mr. CLARK. They bring that stuff over here and simply manufacture it into leather and ship it out again, do they not?

Mr. CROUCH. I have to say that so far as my search has advised me I find almost no indication of the fabrics made from these goatskins having been exported from the United States. It is not like the treatment of the imported hides of cattle. You all know that our exports of leather and manufactures of leather from imported hides are enormous. It is not so with the skins of this goat. Rather the record of the Treasury Department reveals scarcely any exportation of fabrics of the skin of the goat. From that I am compelled to conclude that the fabrics made from the skin of the goat, the kid gloves and the shoes and the morocco used generally, are consumed by our own people.

Mr. CLARK. Is not the largest part of it exported again?

Mr. CROUCH. It may be, as uppers in ladies' fine shoes.

Mr. CLARK. Gloves and shoes?

Mr. CROUCH. Do we export any gloves? I failed to find any record of it.

Mr. CLARK. Certainly we do.

Mr. CROUCH. Kid gloves?

Mr. CLARK. Yes; certainly we do. If we clap this tariff on it, as you want done, these importers and manufacturers will bring foreign goatskins in and send them out again and get 99 per cent of that tariff back as rebates, and your second condition would be worse than your first, would it not?

Mr. CROUCH. I do not understand it so. If you bring them in for manufacturing and export, you refund to the exporter 99 per cent of the import duties paid.

Mr. CLARK. Let me ask you another question about these Angora goats. It does not make any difference how much tariff we put on Angora wool or hair, whichever you please to call it, is it not true that a large quantity of it would still be imported because you have to raise Angora goats at a certain altitude in order to get this slick finish on the finest Angora wool; that neither your Angora goats nor those in Missouri—because we have tried the experiment of raising goats and gone into it largely in that rough country down South—can compete with the Angora wool that is raised in the very high altitudes, because the high altitude goat hair has this slick finish on it.

Mr. CROUCH. What altitude is preferable?

Mr. CLARK. The higher you can get your goat to go and live the slicker the wool is.

Mr. CROUCH. In western Texas we have an elevation of from 5,000 to 7,000 feet.

Mr. CLARK. Is that any greater than the Ozark region in Missouri?

Mr. CROUCH. I think the Ozark region has an elevation of about 1,400 feet.

Mr. CLARK. I know the biggest goat raiser down there told me the reason he could not get as much profit out of his business as he thought he was going to get when he went into it was because he found out that when he sheared his goats and took the wool to mar-

ket the slick Angora hair brought a much higher price than his. His was a low price.

Mr. RANDALL. Between San Antonio and El Paso the railroad runs on a higher altitude than 5,000 feet.

Mr. CLARK. You have a fine goat region down there, then.

Mr. CROUCH. The ranch men who have lived in South Africa and traveled in Turkey tell us that they believe we have as fine an Angora goat country as there is on earth.

Mr. CLARK. Do you not believe that, with the necessity for kid gloves and shoes, and all that stuff, the way we are living now, and in view of the fact that the goats do improve the land and eat the bushes off, and everything of that sort, and you can raise them where you can not raise anything else, just as you stated, that the goat industry is going to flourish here anyhow, tariff or no tariff?

Mr. CROUCH. I do not think so, unless you aid it by means of the application of the protective tariff policy.

Mr. CLARK. When did the goat industry start in Texas?

Mr. CROUCH. The Angora goats were first imported into Texas, I think, in 1858—just a few, a half dozen or so.

Mr. CLARK. How long do you consider it has been a commercial industry?

Mr. CROUCH. The last twelve years, about.

Mr. CLARK. How many goats did you have then?

Mr. CROUCH. We had, in 1892 and 1893, more goats than we had in 1897, but since 1897 the industry has been succeeding quite considerably. I think our comptroller's reports show that in the early part—that is, about 1901 and 1902—we had 427,000. Now our comptroller's reports of last year show that we have over 800,000.

Mr. CLARK. That is a pretty healthy growth.

Mr. CROUCH. Yes.

Mr. CLARK. Some of the greatest fortunes in Texas are made off sheep, are they not?

Mr. CROUCH. Yes.

Mr. CLARK. There is not any better sheep country under the sun than Texas?

Mr. CROUCH. We think it is exceedingly favorable.

Mr. CLARK. I think so, too. The truth about the sheep business in Texas is like the sheep business in Missouri, nobody can afford to raise to sheep on high-priced land, and that in the northern part of Texas and certain other parts—I am not very familiar with the country—the price of land has advanced so rapidly, and those big ranches have been cut up into small farms—that is, what we call small out west of the Mississippi River—that the small farmer has taken sheep raising off the high-priced lands. Is not that the outcome of the sheep question?

Mr. CROUCH. No; and I will illustrate to you. In 1892 our comptroller's records show that the sheep stock was scattered over the State, through the middle part of the State, quite largely. We have about three tiers of counties, leading from near that section to near Red River, that we call the farm ranch counties, taking in Brown and western Bell, and all through that country, and the reports of the comptroller of our State show that there was where the large

proportion of the sheep stock was owned. The free-wool policy came on, and the cost of labor, or rather the cost of caring for the sheep in those farm ranch counties, was so much greater than the cost of caring for the sheep out in the Pecos River and trans-Pecos, in the open country, where many of the tenants vacated their leases, where they could get large free range, and the sheep stock could be cared for so much cheaper out there, where they could get Mexican labor, that they took the sheep remaining in our State and moved out there where they could be handled in large flocks and at less expense.

Mr. CLARK. Now, in Mr. Randell's district and the Dallas district and that country through there the sheep industry has very much diminished and gone west and southwest?

Mr. CROUCH. There has been scarcely any sheep industry in Mr. Randell's district since the middle part of the eighties.

Mr. CLARK. One more question about Mr. Randell's district and the country through there. The truth is that the small farmers have driven the sheep and cattle men both out, except in a very small way?

Mr. CROUCH. That is true in there. The western part of the State furnished pasture lands that could be had so much cheaper.

Mr. CLARK. Nobody could afford to raise scrub sheep on land that cost from \$40 to \$75 an acre?

Mr. CROUCH. No; not scrub sheep.

Mr. CLARK. It would take a fine sheep, like we raise up in Missouri?

Mr. CROUCH. Yes.

Mr. RANDELL. So far as the ranches are concerned, they are raising a fine line of animals down there.

Mr. CLARK. They have taken up better grades. You know, they have graded up your cattle down there so that they are nearly as good as anybody's cattle. I saw as fine Hereford herds as I ever saw in my life.

Mr. CROUCH. Yes.

Mr. FORDNEY. Your contention is that by adding more duty to the Angora-goat wool and putting a duty on the imported skin, the only classes to be affected are those who can afford luxuries?

Mr. CROUCH. That is the contention we make.

Mr. FORDNEY. And that it would protect your industry so that it would rapidly increase?

Mr. CROUCH. Very greatly, and enable us to utilize large areas of country that are now lying waste and make them profitable for the benefit of the population of the whole country, not only by producing this hair and these skins, but we will produce 100,000 tons of choice meat annually from a portion of our country that is now producing nothing.

Mr. CLARK. You do not agree with Mr. Fordney over there that kid shoes are a luxury in this day and generation, do you? The average lady's shoe that you could pick up in any cheap store out in the crossroads of Texas, Missouri, or Michigan would be a kid shoe, would it not?

Mr. CROUCH. I am not sufficiently accustomed to know.

Mr. CLARK. You know about Texas and Missouri, and I do, too. Is that not true about our people?

Mr. CROUCH. I think our ladies wear the kid upper.

Mr. CLARK. Nobody ever made sole leather out of kid.

Mr. CROUCH. A small proportion of the shoe, what we term the upper.

Mr. FORDNEY. You could not wade through mud puddles wearing kid shoes.

Mr. CLARK. I will guarantee that nine-tenths of all the women's shoes sold in Texas are kid.

Mr. CROUCH. They are represented as kid.

Mr. CLARK. It is really kid or sheepskin, one of the two.

Mr. RANDELL. Which is the most valuable, the kid skin or the goat-skin.

Mr. CROUCH. The kid skin is so very light.

Mr. RANDELL. Which is the most valuable?

Mr. CROUCH. Per pound?

Mr. RANDELL. I mean just one skin. In other words, if you kill a goat at 3 months old, is its skin worth more or less than if that goat was 2 or 3 years old?

Mr. CROUCH. Unless we can get the protection we are asking—I forgot to mention that we are asking 20 cents per pound import duty on the skin of the kid, the skin weighing one-half a pound or less.

Mr. CLARK. How much do you want on the old goatskin?

Mr. CROUCH. Ten cents a pound.

Mr. CLARK. And how much on Angora wool?

Mr. CROUCH. Eighteen cents per pound.

Mr. CLARK. The people in the United States are beginning to eat goat meat a good deal, are they not?

Mr. CROUCH. No; for the reason that it is not carried to them. If you know the nature of the goat, it is this: If the goat is slaughtered near his range, or within a few hours' journey, if he is taken from the pasturage he feeds on, it furnishes delicious meat.

Mr. CLARK. It is as good as mutton?

Mr. CROUCH. It is as good as mutton, and there are a very few men of even so delicate a palate that they can distinguish it from good mutton. If they are slaughtered within a few hours' journey from the place where they are to be sold, they furnish delicious meat; but if you carry them away a long distance to market, they shrink and lose their juices.

Mr. CLARK. Is not goat raising more profitable than sheep raising?

Mr. CROUCH. I can not say that it is. It depends on the character of the country you are located in. There are large areas that are more profitable for the goat than for the sheep.

Mr. RANDELL. You have not answered my question. Which is the more valuable, the skin of a goat or the skin of a kid?

Mr. CROUCH. The skin of the grown goat, at the present time.

Mr. RANDELL. Under the conditions you ask, which would be more valuable? I want to get an answer to that question.

Mr. CROUCH. I think, under the conditions we are asking for, the skin of the 8-weeks kid or the 2-months kid would be worth nearly as much as the skin of the goat.

Mr. RANDELL. If the skin of the kid was increased in value more than that of the goat, would that not to that extent encourage the marketing of kids, and to a certain extent stop the increase of the goat industry?

Mr. CROUCH. It would encourage the marketing of the male portion, not the female portion.

(Thereupon, at 5.30 o'clock p. m., the committee adjourned until to-morrow, Thursday, December 17, 1908, at 9.30 o'clock a. m.)

APPENDIX.

SCHEDULE L.—SILK AND SILK GOODS.

ARTIFICIAL SILK.

THE CLEVELAND (OHIO), ART SILK COMPANY, SUBMITS BRIEF RELATIVE TO ARTIFICIAL SILK AND HORSEHAIR.

CLEVELAND, OHIO, November 28, 1908.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: About five years ago artificial silk and horsehair were classified as collodion, paragraph 17, with a duty of 65 cents per pound specific and 25 per cent ad valorem.

At that time we organized a company and began experimenting on different processes for making artificial silk, which experiments have been very costly.

The demand for artificial silk is at present enormous, but as is well known is largely of foreign manufacture.

During the time we perfected our process for making artificial silk, for some reason, this article was reclassified as silk, paragraph 385, with only 30 per cent ad valorem duty, which crippled this infant industry, so that we could not compete with the foreign goods on account of the much lower selling price.

A greater part of the foreign artificial silk and horsehair imported into this country is a collodion product, made by either the Char-donett, Lehner, or Bronnert, and Schumberger process, and therefore it should never have been reclassified, but owing to the fact that artificial silk and horsehair is also made from hydrocellulose, viscoes, and other material, we therefore are asking to have artificial silk and horsehair made from nitrocellulose, hydrocellulose, viscoes, or from any other material classified in a paragraph by itself with 65 cents per pound specific and 25 per cent ad valorem duty, same as at first obtained.

The reason we need this protection asked for is principally on account of the difference in wages paid in this country and in Europe, as wages are a large part of the cost of production, particularly in the beginning, when all of the labor employed is unskilled and must be educated.

The protection asked for is certainly very reasonable, as it would only advance the selling price to about \$2.80 per pound, and such protection would start at once a large industry in this country, giving employment to large numbers.

We understand that in Europe at the present time about 12 or 15 factories are employing from 300 to 5,000 people each, making a total production of about 25 tons of artificial silk per day.

Yours, very truly,

THE CLEVELAND ART SILK Co.,
HENRY HERTEL, *Manager.*

**COLNE & CO., NEW YORK CITY, ASK THAT PRESENT DUTIES
BE RETAINED ON ARTIFICIAL SILK.**

NEW YORK, *December 8, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: In connection with the revision of the tariff on silks, we wish to call your attention to the duties now collected on artificial silk—30 per cent ad valorem.

On behalf of parties intending to start the manufacture by a new process of this artificial silk here, we would ask that the present duty be not lowered. This style of silk, to our knowledge, is not manufactured here, or, if any is made, it must be in a very small quantity.

We have in abundance in this country the raw material for this manufacture. The making of this silk is now in successful operation in France and England, Belgium, and Italy. Owing to the low price of labor in those countries this new manufacture could not be made successful here if the present rate of duty is not maintained. As labor is the principal cost in making this silk, we are here under a disadvantage. On the other hand, if the present duty is maintained or raised, we will be able to compete with importation. If we are encouraged by maintaining the present tariff, our proposed works will employ a large number of hands, as a great part of the process is carried on by hand labor.

We send you herewith a sample of some of this silk made in France. The demand for this material is great, and if we are not hampered by the tariff we will be able to create an industry which will be quite beneficial to the workingman, as well as the owners.

We presume it is not necessary to remind your committee that protection has been the means of creating a large number of industries in this country which are now in successful operation.

We ask to be the means, with your help, of contributing another enterprise to the prosperity of the country.

Yours, very truly,

COLNE & Co.

CHIFFONS AND MOUSSELINE DE SOIE.

NEW YORK, *November 17, 1908.*

HON. SERENO E. PAYNE,
Chairman of Ways and Means Committee,
Washington, D. C.

HON. MR. PAYNE: Trust you will pardon our intrusion on your most valuable time, but circumstances compel us to write to you in regard to some revision of an article in the present tariff. This article is not manufactured in the United States but imported from and made in Lyon. The article is provided for as follows:

Woven fabrics if dyed or printed in the piece, of which duty is \$3.25 per pound, but not less than 50 per cent—weighing not more than one-third ounce per square yard—per pound, \$4.50, but not less than 50 per cent.

We are importers of chiffons and mousseline de soie, under which heading the above duties are quoted. Now, in order to reduce the duty to \$3.25, 99 per cent of the importers add the weight in the dye,

and by doing this they give to the public an article that is liable to rot, and the public does not derive the benefit of the right article. If this matter could be corrected and the article brought over in its natural state, without the addition of the weight, the public would get the proper value and there would be no interference with the revenues.

Yours, very respectfully,

GERMAIN, HOFFBAUER & HELM CO.
ALBERT GERMAIN, *President*.

RIBBONS.

THE STAR RIBBON COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF RELATIVE TO CUT RIBBONS.

NEW YORK, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Supplemental to the statements made by our representative, Mr. Levett, before you on the 1st instant relative to cut ribbons in part of silk manufactured by us, we beg to present the following:

While, as stated, we believe from the letter received by Mr. Quackenbush, an extract from which was read into the record, that the weavers in France who live in the mountains and make goods of similar character receive from 25 to 30 cents per day, it is a fact, as we are informed, that the weavers in Lyon receive about 3 francs a day. We desire to emphasize the point, however, that irrespective of wages the fact remains that ribbons similar in character to those made by us are imported into this country at a price which including duty and expenses is greatly below our cost of production; and that in advocating the duty suggested by us we are merely asking to be put on a par with the importers in selling these ribbons in this country with a protection which would not exceed 10 per cent. The output of the Star Ribbon Company had grown to a million yards per week, when the price of the imported goods was cut to such an extent that their production has gone down to 300,000 yards per week, some of these goods being sold at a loss.

It should be said that the imported ribbon which competes with ours is somewhat lighter in weight than our domestic ribbon, owing to the fact that the silk used in its manufacture is of a lighter weight. We have tried repeatedly to manufacture these ribbons of lighter weight silk than what is known as "fourteen-sixteenths denier," but we have been unable to make our ribbons with silk as light as that used abroad. The finished product is so similar, however, that we believe the ordinary consumer would hardly notice the difference.

Respectfully submitted.

STAR RIBBON COMPANY,
GEORGE QUACKENBUSH.

SILK COCOONS.

M. W. GUSTIN, SALEM, MO., RECOMMENDS A DUTY OF FIVE DOLLARS PER POUND ON COCOONS.

SALEM, MO., November 30, 1908.

HON. SERENO PAYNE,
Chairman Committee, Washington, D. C.

DEAR SIR: As the honorable committee over which you preside is considering the tariff question with a view to having some changes made, I ask your indulgence to call attention to what might be made by proper protection a very profitable industry over a large area of the United States.

Experiments for a number of years conducted at national expense have demonstrated that wherever in this country the osage orange (our common hedge plant) will thrive silk cocoons can be produced, the tender leaves of that tree being as good, if not better, food for the silk worms than mulberry leaves. That much is repeatedly set forth in public official reports. Ex-Governor Coleman, of this State, when in charge of the Agricultural Department during one of Cleveland's administrations, said the solution of the silk industry (raw silk and cocoons) here would be a home market; that the price in competition with China, France, Italy, and Japan is the mountain our home producers will not climb.

You know how to get over that mountain. An import duty of \$5 per pound on cocoons, with corresponding increase for each stage of manufacture, would place the home producer of cocoons on top of that mountain, from whence they would have a "down-hill pull."

Furthermore, while that industry would be developing—growing up to meet the home supply—the duty on the imports which would still be required would yield from \$50,000,000 to \$100,000,000 revenue per annum (a sum which would come in good play right now); a revenue which would be paid by the more wealthy people, in that case being a pride tax which they would be glad to pay. Nothing makes a silk dress or a silk hat so valuable to the owners thereof as the fact that some one else, or, more so, no one else, can afford to wear them.

Very respectfully,

M. W. GUSTIN.

SILK EMBROIDERIES.

**THE LACE AND EMBROIDERY MANUFACTURERS' ASSOCIATION
RECOMMEND NEW CLASSIFICATION FOR SILK EMBROIDERIES.**

NEW YORK CITY,
488 to 492 Broadway.

The articles in this paragraph in which we are especially interested are machine-made silk embroideries and machine-made silk embroidered laces. These goods are the highest type of luxuries. In the present act they pay a duty of 60 per cent *ad valorem*. Of the total amount of these goods consumed in this country about 75 per cent are imported and only about 25 per cent are manufactured here.

None of these goods have been manufactured in this country for export. We therefore ask that a sufficient duty be assessed to cover the difference between the cost of production in Europe and this country, and we submit herewith figures showing what duty will be necessary to cover that difference.

The foundation of silk embroideries is mostly silk net, woolen, or silk piece goods, all of which pay a duty of 50 per cent or over. Most of these goods (for instance, silk nets and chiffons) are imported, and we have practically on our embroideries no differential duty above the duties on those materials. In order to cover the difference in cost between the labor and expenses here and abroad in the manufacture of these goods on the Schiffli embroidery machine, our figures show that a duty at the rate of one-fifth of 1 cent per yard for each 100 stitches of the embroidery produced by one needle is required, and in addition thereto 60 per cent ad valorem.

We also submit a calculation showing the difference of labor and expenses for embroideries and laces on the Swiss embroidery machine operating with double-pointed needles.

In order to cover the difference in cost between labor and expenses here and abroad in the manufacture of these goods, our figures show that a duty at the rate of one-fifth of 1 cent per yard for each 20 stitches of the embroidery produced by one needle is required, and in addition thereto 60 per cent ad valorem.

We inclose paragraphs covering these articles, which we respectfully ask to have inserted in Schedule L. At the end of paragraph 390 add the following:

And it is further provided, That any of the articles enumerated in this paragraph, and of which real silk or artificial silk is or the two collectively are the component material of chief value, and which wholly or in part are manufactured or produced by the Schiffli embroidery machine, pay a duty at the rate of one-fifth of one cent per yard for each one hundred stitches of the embroidery produced by one needle, and in addition thereto sixty per centum ad valorem. Each penetration of the fabric by the needles of the embroidery machine to be counted as one stitch.

And it is also provided, That any of the articles enumerated in this paragraph, and of which real silk or artificial silk is or the two collectively are the component material of chief value, and which wholly or in part are manufactured or produced on a machine known as the Swiss embroidery machine operating with double-pointed needles, pay a duty at the rate of one-fifth of one cent per yard for each twenty stitches of embroidery produced by one needle, and in addition thereto sixty per centum ad valorem. Two penetrations of the fabric by the needles of this embroidery machine to be counted as one stitch.

DETAIL OF CALCULATION—SCHIFFLI MACHINE.

As a basis we take a so-called "burnt out" net top embroidered lace 10 inches wide. The foundation is a silk bobbinet. The embroidery material is artificial silk; the design of 6/4 repeat counts 2,000 stitches for every needle. The calculation shows what the cost would be in this country, produced on a 6½ yard Schiffli machine:

Silk bobbinet, 72 inches wide, 2 times 6½ yards—13½ yards, at \$1.20.....	\$16.20
Prepared cotton cloth, 72 inches wide, 2 times 6½ yards—13½ yards, at 16 cents..	2.16
Stitches (United States count), 7 times 2,000—14,000 stitches, at 25 cents.....	3.50
Overseer, 1 day, at \$1.50.....	1.50
Shuttle filler, 1 day, at 75 cents.....	.75
Mender, 1 day, at \$2.....	2.00
Artificial silk, 4½ pounds, at \$3.20.....	14.40
Cutting out 14 strips, 6½ yards each—94½ yards, at 10 cents.....	9.45
Burning out 13½ yards, 72 inches wide, at 10 cents.....	1.35

Boxes, cards, wrappers, etc., 7 pieces, 13½ yards each, at 10 cents.....	\$0.70
Manufacturing expenses, 5 per cent.....	2.60
Profit, 20 per cent.....	10.40
Total.....	65.01

Ninety-four and one-half yards, \$65.01.

Below we give the cost of the above design as it would be in Switzerland:

	Francs.
Silk bobbins net 72 inches wide, 2 times 6½=13½ yards, at 3.75 francs.....	50.63
Prepared cotton cloth 72 inches wide, 2 times 6½ yards, at 0.60 francs.....	8.10
Stitches (Swiss count), 7 times 1,000=7,000 stitches, at 0.11 francs.....	7.70
Overseer, 1 day, at 2.50 francs.....	2.50
Shuttle filler, 1 day, at 1.25 francs.....	1.25
Mender, 1 day, at 3 francs.....	3.00
Power, oil, etc.....	2.80
Artificial silk, 2 kilograms, at 20 francs.....	40.00
Cutting out 14 strips, 6½ yards each=94½ yards, at 0.17 francs.....	16.07
Burning out 13½ yards, 184 centimeters wide, at 0.03 francs.....	5.52
Boxes, cards, wrappers, etc., 7 pieces, at 13½ yards each, at 0.60 francs.....	4.20
Expense, 5 per cent.....	7.09
Case, packing, etc.....	.50
Legalization.....	.01
Freight and insurance.....	.70
Profit, 20 per cent.....	30.02
Total.....	180.09
180.09 francs.....	\$34.97
Duty, 60 per cent ad valorem.....	20.98
One-fifth of a cent 100 stitches per yard.....	3.78
94½ yards.....	59.73

DETAIL OF CALCULATION—DOMESTIC COST OF ARTICLES—HAND MACHINE.

Assuming a pattern of 300 stitches; insertion embroidered on taffeta silk in various colors of silk thread (stitcher makes 5 bands per day—each band 300 stitches, 5 times 300—1,500):

1,500 stitches (cost of stitcher 20 cents per hundred).....	\$3.00
Threader.....	1.25
Mender.....	1.25
10 yards of taffeta silk at 65 cents.....	6.50
16 nadlichs of silk at 20 cents.....	3.20
Carding and boxing.....	.50
	15.70
Manufacturing expenses, 12 per cent.....	1.88
Cost of 50 yards.....	17.58

DETAIL OF CALCULATION—FOREIGN COST OF ARTICLES.

Assuming a pattern of 300 stitches; insertion embroidered on taffeta silk in various colors of silk thread (stitcher makes 5 bands per day—each band 300 stitches; 5 times 300 = 1,500):

1,500 stitches (cost of stitcher 7 cents American money).....	\$1. 05
Threader.....	. 50
Mender.....	. 40
10 yards of taffeta silk, at 44 cents.....	4. 40
16 nadlichs of silk thread, at 16 cents.....	2. 56
Carding and boxing (5 pieces).....	. 40
	<hr/>
	9. 31
Manufacturing expenses, 5 per cent.....	. 47
Legalization, freight, and insurance.....	. 06
	<hr/>
	9. 84
Duty, 60 per cent.....	5. 90
	<hr/>
	15. 74
Add 1 cent for each 100 stitches.....	1. 50
	<hr/>
50 yards cost.....	17. 24

LACE AND EMBROIDERY MANUFACTURERS'

ASSOCIATION OF THE UNITED STATES.

A. H. KURSHEEDT,
President.

SILK UNDERWEAR.

THE AMERICAN HOSIERY COMPANY, NEW BRITAIN, CONN.,
URGES RETENTION OF PRESENT RATES ON SILK KNIT GOODS.

NEW BRITAIN, CONN.,
December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We believe that the present rate of duties on manufactures of silk, especially the knit goods listed in paragraph 390, should be maintained for the following reasons:

In the production of silk underwear, in all the processes of knitting, seaming, looping, stitching, finishing, etc., there must be perfect work and the greatest care. Such costly material as silk can only be intrusted to the most competent and skillful workmen.

It is an article of luxury and is not an article of general use, but yet the silk industry is a large and important one in this country, and it would be a mistaken policy on the part of the Government to reduce the figures of Schedule L, so that the manufacturers of Europe and especially of China and Japan, who are already making great progress in the modern methods of silk manufacture, with their low priced but efficient labor, should not crowd out the business which has made such commendable progress in this country.

For many reasons we would prefer specific duties on knit silk underwear and hosiery which are now included in paragraph 390, but on account of the difficulty in arranging the specific rates so as to apply to the great variety of weights, qualities, and gauges (by "gauges" we refer to the relative coarseness or fineness as determined by the number of stitches per inch), we would suggest no change, but would urge that the present rate, 60 per cent, in paragraph 390 should be the minimum.

In fact, any material reduction in the present tariff on silk underwear and hosiery would be prohibitive of its manufacture in this country.

The present rate imposes no burdens upon people of limited means in this country, as silk underwear is properly regarded as one of the luxuries of modern life, and its use is confined to comparatively well-to-do people.

Respectfully submitted.

AMERICAN HOSIERY COMPANY,
EDWARD H. DAVISON, *President*.
GEORGE S. TALCOTT, *Treasurer*.

VELVET CASES.

AMERICAN VELVET CASE MAKERS ASK A SEPARATE CLASSIFICATION FOR THEIR PRODUCTS.

WASHINGTON, D. C.,
December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: It is my duty to present to you the situation of the velvet case makers of this country, which has by an anomalous working of the tariff law been well-nigh done to death. It is our misfortune that the conditions of the business make impossible any exact demonstration thereof. We realize that by submitting certain standard products with affidavits showing their component and total costs here and abroad our case would be impregnable. There is, however, such a diversity in the product—one arising from its very nature—that this is impossible.

The case-making industry covers cases for rings, brooches, earrings, scarf pins, breastpins, lockets, watches, silverware, fountain pens, penholders, knives, and other articles too numerous to mention. They all, however, possess the one common characteristic, to wit, that of being expensive luxuries appealing to the taste. As a result there is a bewildering diversity of size, shape, color, and materials. An exact duplicate is rare.

At present under section No. 391 these cases come in as articles manufactured, of which silk is the chief component value, and pay a duty of 50 per cent.

Now, the injustice of this lack of separate classification arises from the fact that the greater part of the material used in the making is taxed from 60 to 100 per cent ad valorem. In other words, the foreign makers get their material, velvet, plush, satin, and so forth, into this

country in the manufactured state at a less rate than the same goods would pay in the piece. The domestic maker by this provision has a handicap to start with, so that instead of being protected he is discriminated against. Assuming that the labor difference was covered by the 50 per cent, which is not so, the American maker would be handicapped by the difference on materials approximately 25 per cent thereof. But the labor difference is much greater than 50 per cent. The wages here are from five to ten times greater than paid in Europe. This is in part compensated by the greater efficiency of the American labor. The work itself is entirely done by hand and manifestly the difference can not be thus wholly made up. As near as it is possible to approximate it the labor cost here is 300 per cent more than in Saxony. That this is a conservative estimate will be plain to you gentlemen when you consider the difference between workmen is never great enough, unaided by machinery, that one should do five times as much of the same work in a given time as the other. Here again we are handicapped by the impossibility of giving the exact figures. In this country men are employed at from \$2.50 to \$3 per day; women, from \$1.25 to \$1.50, depending on localities. In Saxony the men receive in our money from 35 to 60 cents per day, and the women and children from 10 to 25 cents. Here the men workers exceed in number the women, while abroad the latter are in the greater majority. Here the shop system prevails, while in Saxony it is sweat shop exclusively. That is to say, it is done in the huts and hovels of the unfortunate peasantry.

German and American wage standards and conditions are well known to the members of this committee; I take it they need no proof on these points but will take judicial notice thereof. In many of our industries by improved machinery we are able to overcome this difference in wage standards, but in the case-making industry this does not obtain and it is almost all entirely hand work. We feel certain that with a few years of real protection that the inventive genius of our mechanics would, stimulated by the reward of reasonable profits, be brought to bear on the details of this business and eventually result in machinery which will permit us to even up the conditions as has occurred in so many other industries. At present the only set-off against the great difference in wages is the character of the work people themselves. That because of their intelligent diligence they do in large part overcome this handicap is a striking testimonial to them and proves them worthy of help by this committee. Now, gentlemen, I have placed before you certain facts indisputable, known to all men, requiring no man's oath or opinion to show their truth or foundation. These facts have shown the need of protection for this industry. I will now endeavor to show to you by like arraignment of verities the justice and advisability of placing us in a section apart with a rate equalizing the conditions. As the situation now is, the foreign-made case has practically driven the American from the market and the work now done is either special orders or small lots which permit the payment of the higher wages. The inevitable result of the increase would be a greatly augmented business here; finding employment for thousands at good wages. As to the effect on the revenue it would result in a larger return because the velvets, plushes, satins, etc., would be imported at the piece rate and thus pay half again more duty. Where this

would not be so the boxes would continue to come over, paying the increased duty. I submit that no tariff provision ever framed could fall more lightly on the consumer. It would mean that whenever one purchased an article of luxury that was cased he would pay from 10 cents to 15 cents more than at present, if he wanted the case, depending on its elaborateness. A diamond ring worth \$500 sold in a case costing, say, 40 cents, would, if this increase is granted, cost him, say, 10 cents to 15 cents more.

I will now bring to your attention two concrete examples: The first is a ring box. This was made in New York city some twelve years ago by the thousands; to-day it is not made at all because it is sold here by importers for \$3 per dozen, which is \$1 less than the bare cost of making it by workmen and 25 cents less than the actual cost of using in part girl labor. The cost of the material is about \$1, of labor \$3. On the other side, materials cost 58 cents and the labor 60 cents; total, \$1.18 per dozen. They are sold for about \$2 and the duty brings the price here up to \$3. The second example is a brooch box. The conditions are identical, the difference being merely slightly higher cost as regards the material, due to the larger size.

I will now call your attention to some examples of the discrimination against us as to materials. I offer for your inspection samples of satin, velvets, and plushes of varying grades, all in common use, with the figures showing the exact duty paid thereon, which can be verified by the custom records. I could also submit at least about 40 more such instances, but these will suffice to show the general condition. There are two grades of satin used by the European makers that owing to the pound rate can not be sold in this country at all. Another element which enters into the price difference is the fact that these materials taxed in the box form pay the 50 per cent duty only for the amount actually used. Here the maker pays duty on the whole piece, and the inevitable waste in cutting up and the selvage he must pay duty on. Further, should he import them in the strip form, which he could do to better advantage, another 15 per cent is added on the cost of the goods to him. The cost per dozen for the ring boxes is \$3.93; of the brooch boxes, \$4.58; they are sold in the market for \$3 and \$3.50, respectively. Abroad the proportion of labor and material cost is about the same, but in this country the labor cost is from two to three times greater than the material. To offset this difference we would suggest first, the placing of our industry under separate classification, and, second, the retention of the present ad valorem duty, 50 per cent, and the addition of a duty for each piece of 10 cents to 15 cents. We feel that with a few years of such protection we would be able to make these boxes at a much less cost and thus reduce the price to the consumer, giving him a better box at the same rate that he is at present paying. This has been the way it has worked out in other industries and this is the way it will work out in this of ours.

Respectfully submitted.

H. A. ANDREWES,
Counsel to Velvet Case Makers' Committee.

SCHEDULE M—PULP, PAPERS, AND BOOKS.

BLUEPRINT PAPER.

THE B. D. RISING PAPER COMPANY, HOUSATONIC, MASS., WISH
BLUEPRINT PAPER SPECIFICALLY ENUMERATED.

HOUSATONIC, MASS., *December 1, 1908.*
COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We respectfully request that paragraph No. 398 be amended by specifically naming blueprint paper, so that it shall read as follows:

398. Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per cent ad valorem, if printed, or wholly or partly covered with metal, or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic and blueprint papers, for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated, for photographic or blueprint purposes, thirty per centum ad valorem.

The argument for this change in classification has been fully set forth by Mr. A. W. Esleeck in his brief filed November 21, 1908, and printed in the reports of your hearings, pages 1181–1184. They are now improperly assessed under paragraph 396 as “paper suitable for books and newspapers.”

There is a great difference in the quality of the two classes of paper. Book paper is soft, either unsized or sized very slightly, has a short fiber, is made from cheap stock, and frequently contains a large proportion of wood fiber.

On the other hand, blueprint paper is strong, hard, thoroughly well sized, and made from new cotton cuttings.

Blueprint papers are really photographic papers, as they have the same chemical properties and are sensitized and developed in the same manner as regular photographic papers. They were assessed duty as “plain basic photographic paper” for about four years, and until by a decision of the General Board of Appraisers, they were adjudged to be book papers. (See Treasury Decisions, vol. 4, No. 48, Nov. 28, 1901, 23378; G. A. 5031.)

Very little blueprint paper was made in this country until after the enactment of the tariff of 1897. Since then it has been demonstrated that the paper can be successfully produced here. The principal competition is from Germany, and the ability of the importer to bring in these high-grade papers as “book paper valued at 5 cents per pound” enables him to sell at very low prices in this country. We refer to Exhibit A, “Samples of foreign blueprint paper,” and Exhibit B, “Samples of book and news paper.”

Respectfully submitted.

B. D. RISING PAPER COMPANY,
By CHAS. McKERNON, *Treasurer.*

BOOKS.

**PROF. W. H. KRUSE, CONCORDIA COLLEGE, FORT WAYNE, IND.
WISHES SCIENTIFIC WORKS TO BE DUTY FREE.**

CONCORDIA COLLEGE,
Fort Wayne, Ind., November 28, 1908.

Hon. S. E. PAYNE,
Washington, D. C.

DEAR SIR: I noticed in the papers the other day that a number of New York publishers and printers appeared before your committee to urge a duty on books, pamphlets, and periodicals printed in foreign languages, which would include all scientific works. No doubt thousands of men engaged in intellectual pursuits feel exactly as I do in this matter, but they are likely to let this thing go by default and to come out with their protests when it is too late. In your letter to Mr. Carnegie you indicated a desire to hear from the citizens of this country in regard to the new schedules, and this encourages me to hope that you and your committee will not let my protest go unheeded.

Whether we like it or not, the most minutely specialized work and research is still done in Europe, and it is the sheerest folly to try to change this by a duty on such books. Whenever in our reading and study we reach a point that puzzles us we glance over the catalogues of European publishers, and usually find a few pamphlets and monographs restricted absolutely to this one point. This places at our disposal the very latest and best information that the world possesses. No encyclopedia can go so thoroughly into details and treat a subject so fully in all its bearings, to say nothing of the fact that they are necessarily from five to fifteen and more years behind the advance guard of the scientists. Just to give you an illustration: A physician of my acquaintance wished to get the very latest information on bleeding of the lungs (pulmonary hemorrhages); in four weeks he had a pamphlet of about two hundred pages that absolutely covered the subject and gave him all that the foremost men of Europe know. This same condition obtains in all branches of knowledge, particularly natural science and mathematics.

It seems to me a very short-sighted policy to obstruct even to the smallest extent the importation of ideas. Germany owes, in a large measure, its tremendous advance along industrial lines to the fact that they bring exact scientific knowledge to bear upon problems of manufacture. In America we are rapidly adopting the same method, and it would be strange, indeed, if we Americans, with our proverbial knack of getting material benefits from abstruse scientific truths, should not far outstrip the Europeans. Only recently a German professor in a technical school warned the graduating class against admitting Americans to their factories, "for," he said, "they need only see a machine once and they will go home and build a better one." What is true of a visit to a factory in Europe applies in its way to books printed in a foreign language.

You are no doubt aware that all American universities require a reading knowledge of French and German of all candidates for a higher degree. The reason of it is that no man can do thorough work and keep abreast with the times in any line of research without these

two languages. Those publishers of New York are assuming a very narrow and unpatriotic attitude; they are proposing to kill the goose that will in time lay golden eggs. The only books that could seriously compete with American publications are those from England, and no one has thus far proposed to levy a duty upon them. If the States are justified morally, legally, and economically in appropriating millions of dollars every year to the maintenance of universities and technical schools, some man with more logic than sense might conclude a bonus ought to be paid to every man importing a scientific work from abroad. Of course, no one asks that; we are satisfied to have present conditions remain as they are. It is bad enough to be subjected to the tantalizing torture of waiting a month or more for a book you want and really need in order to go ahead. If an American book of similar scope and thoroughness is to be had, we naturally buy it rather than put up with this long delay that so frequently dulls the edge of our enthusiasm. The gain to the Treasury from a duty on foreign books would be insignificant; the profits of these publishers ridiculously small compared with the immense harm such a provision of the law would do. These books are to us not luxuries but necessities, and we, as a class, are so placed financially that a duty on such books would be a real hardship.

Hoping that you and your committee will make no change in the present wise policy, I am,

Yours, respectfully,

W. H. KRUSE.

THE FACULTY OF BRYN MAWR (PA.) COLLEGE URGE THE FREE IMPORTATION OF BOOKS, CHARTS, ETC.

DECEMBER 3, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: The faculty of Bryn Mawr College, informed that certain interests are urging upon your honorable body changes in the tariff which it believes to be seriously detrimental to the cause of public education, has directed the undersigned to act as a committee to bring to your notice its protest against these changes.

The present law contains certain regulations permitting the free importation of books, charts, maps, scientific apparatus, chemicals, etc., for colleges, universities, and libraries, and it is very desirable that these regulations be retained in the revised bill. We are informed that proposals are before you looking to the abrogation of this privilege, a step which would be harmful to all the institutions which benefit by the existing conditions; and in their behalf, as well as in the interests of this college, we urgently beg that no such step be taken by your honorable body. Every year hundreds of students leave this country to visit European universities, and many do this because of the greater library and laboratory facilities to be found on the Continent and because of the liberal manner in which these libraries and laboratories are equipped and research is fostered by the various governments. If the laboratories of research and other educational facilities of our own colleges and universities are to be made in any sense comparable with those of Europe they must have every burden

removed which can possibly limit their usefulness. There can be no truer protection to American industries than this kind of protection of American colleges and of American scholars.

We desire to call your attention to another proposed change in the tariff which will injuriously affect American scholars. We are informed that you are asked to include in your revision the removal of the provision of the tariff which permits the free importation of books in foreign languages, and also those in English, published more than twenty years ago. The provision has proved most helpful to those teachers and scholars who are obliged to make use of foreign books in their work. The greater number of these books are never translated into English at all, because being of interest only to specialists they do not warrant an American publisher in undertaking the expense of reproduction, while such as are translated appear in that form only after so long an interval that their usefulness to teachers is materially lessened. American scholars in many subjects are obliged to get these books as soon as published, in order to keep informed as to the progress of investigation in their own departments.

The great bulk of such scholars are poor men, and a tariff on foreign books is for them a grievous burden, which is at the same time quite unnecessary, inasmuch as these books do not come into competition with those published in this country, and consequently no American interest is prejudiced. Indeed, foreign books of the class described not merely do not come into competition with American publications, but assist them in two ways; first, the scholar who needs foreign books to keep abreast of the times needs domestic ones as well, and our experience is that he is as careful to provide himself with all American books of value as he is with foreign; secondly, foreign books act as a stimulus to the production of independent work in this country.

It has been a matter of congratulation to observe the increasing number of American publications in educational and scientific subjects that have been issuing from the American press in recent years. It is strictly within the limits of accuracy to affirm that the authors of the vast majority of these have had to take account of the recent work done in foreign lands in their subjects. To render it difficult to become familiar with the work of foreign scholars, as the proposed tariff on foreign books would do, is to restrict American production, and thus go contrary to the very principle of protection which the tariff is intended to foster.

Secondly, the importation of old books is a matter of the utmost importance and deserves every possible encouragement. There are gradually growing up in this country libraries, both public and private, of considerable size and value. These collections of books will in time become such as to make us relatively independent of European libraries, and their increase deserves to be furthered in every possible way. All the private collections will in time be scattered to form new private libraries or will be absorbed into the larger public libraries. No such collection can be sold for anything like the cost of making it, so that these private libraries are practically never a source of profit to their owners. The proposed tariff on books, old and new, will make the expense of extending these collections greater than most owners can bear.

We therefore respectfully but urgently ask that no such restrictions upon the usefulness of our colleges and universities and upon the full development of American scholarship may be imposed by your honorable body.

Signed on behalf of the faculty of Bryn Mawr College:

JOSEPH W. WARREN,
THEODORE DE LAGUNA,
WM. B. HUFF,
Committee of the Faculty.

In accordance with the instructions of the faculty:

M. CAREY THOMAS,
President of Bryn Mawr College.

**W. P. CUTTER, FORBES LIBRARIAN, NORTHAMPTON, MASS., SUB-
MITS SUPPLEMENTAL STATEMENTS RELATIVE TO BOOKS.**

NORTHAMPTON, MASS.,
November 30, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: In view of the brief submitted to you by the Typothetæ of the city of New York at the hearing on November 21, 1908, and the brief submitted by Mr. Brassil, representing the Employing Bookbinders' Association of New York, and that of Mr. Rogers, of the International Brotherhood of Bookbinders, I beg leave to submit the following additional brief.

The Typothetæ in their brief ask your committee:

1. To increase the duty on books of all kinds, including blank books and pamphlets, and engravings, bound and unbound, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing not specially provided for in this act, from 25 to 75 per cent ad valorem.

2. To allow of free importation for the Library of Congress of printed material for that institution.

3. To do away with the privilege of free importation for public and educational institutions, including public libraries.

4. To do away with free importation of books in foreign languages, and of books in the English language which have been printed more than twenty years, and of books printed by individuals for free distribution, and of books imported for the use of the United States elsewhere than in the Library of Congress.

I shall take up these suggestions in the above order.

1. This is tariff protection which is prohibitory. The cost of the manufacture (and by this I mean the composition, making plates, paper, presswork, and casing) of the ordinary cloth-bound book does not average more than 25 per cent of the invoice value. The protection advocated would amount to a tax of 300 per cent of the cost of manufacture. To ask the citizens of this country to bear such a burden on the plea that it would protect American workingmen is an insult to the intelligence of the committee. The present duty is high enough to afford all the protection needed. I quote

from a letter I have just received from the largest importer of foreign books in New York City the following:

I do not think that during the last five years there have been published five books in a foreign language which it would have been profitable to reprint in this country: in fact, I do not know of any at present that has sold in more than 500 copies, not only through us, but through all importers combined. There are, of course, imported a number of English books and these come in in sheets, in editions possibly from 500 to 1,000 copies and more. They are imported by New York branches of London publishers and by other firms that act as special agents for the London publishers. While these are dutiable, the amount collected is exceedingly small, since it was published in the papers about a year ago that a book selling in this country at \$2 is invoiced from abroad at about 8 pence in sheets. The appraiser tried to raise the value, but the case went to court and the importers won on their statement that they should not pay any duty on the royalty being only paid on copies actually sold, while the copies they were importing were not sold. (From letter of G. E. Stecher to W. P. Cutter, dated November 25, 1908.)

I quote this letter to show that there is no need of protection for books in foreign languages, as there is small sale for them here, and that it is the custom of New York houses who are closely connected with these New York Typothetæ, to import sheets of a \$2 book, paying a duty of only 4 cents a copy; that at the same time the individual importing the book would have to pay at least 40 cents duty, and under the suggested amendment he would have to pay at least \$1.25 duty on a book that cost the New York publisher a little over 30 cents, duty paid; in other words, the printers, who are either publishers themselves, or work for them, are asking an outrageous amount of protection.

2. We all agree that the Library of Congress should have every facility for obtaining literature, without restriction. I would suggest that lithographs should be added to the schedule in paragraph 500. But I especially call your attention to the suggestion that all books "for the use of the United States" should be duty free. You all know that there are many collections of books, not only in Washington, for governmental use, but in Annapolis, West Point, Willets Point, and indeed everywhere that the Government has established institutions where study is necessary for the proper conducting of government. It is of course an absurdity to ask the Government to pay duty; it only shows the lack of serious study embodied in the suggestions of the Typothetæ.

3. The public educational institutions of this country have enjoyed the privilege of free importation of books and scientific instruments since 1816. They are part of the implements of the profession of education. As I have shown in my former brief, the importations of books are a very small percentage of the total consumption, a still smaller percentage being books which would ever sell in this country sufficiently to allow of reprinting here.

4. No country in the world taxes books printed in a language other than that spoken in the country. Such a tax would be a crime against our people. It is suggested merely to place importation in the hands of a few men in New York, who are grasping for all they can get. It is retaliation against the public institutions and educators of this country, who are the purchasers of 90 per cent of these books.

Books printed more than twenty years are second-hand books. Not 1 per cent would ever be printed in this country. Many of them are already bound in leather, and were bound, not to compete

with American workmen, but to preserve them for future generations. They are bought by public institutions solely for their contents, or as samples of the printing of past ages. They are books for scholars. If the binding is an artistic binding, it ranks with other art objects, which, for the education of our people, should come in free.

Books printed privately for private distribution are almost entirely small pamphlets, with negligible value. To tax them is an absurdity.

As near as I can determine from a somewhat close examination of the statutes, the present duty of 25 per cent was a war tax, having been first levied in 1864. It has never been reduced. It has served, not only to foster the printing and publishing trades, insure higher wages, but even has led to an agreement on control of prices, which was first made in 1901 and is still in existence, although ostensibly abandoned in 1907. I can personally see no reason for the continuation of such a duty. It serves not so much to protect the American workman as to build up a monopoly controlling the sale of books at standard high prices, and as such is fostering a combination which the courts have declared illegal.

I personally believe that the duty should be reduced. I do not believe it should be entirely stricken off, for the printing of books in this country would cease. If libraries are to be denied free entry, the duty should be decreased. If they are given free entry, the libraries as such have no opinion to express.

I append several letters sent to J. C. Dana, chairman of my committee. I could file 100 such letters, but do not desire to cumber the report with them.

Very respectfully,

W. P. CUTTER,
Committee on Book Buying, American Library Association.

EXHIBIT A.

PUBLIC LIBRARY OF CINCINNATI,
Cincinnati, Ohio, November 16, 1908.

Mr. JOHN C. DANA,

Librarian Newark Free Library, Newark, N. J.

MY DEAR MR. DANA: I was somewhat staggered upon receiving yours of the 13th, in which you state that an attempt may be made to do away with the free importation of books for libraries. It goes without saying that the imposition of a duty on books imported for libraries would be a direct tax on education. We do not import wittingly American books, that is, books written by Americans. We import very little fiction, but we do import a good many books in history, literature, science, and the fine arts. We import those books only when we can get them on the other side for less money than the same books can be had in the United States, that is, when we can save the additional charge of the duty. The books that we import are, for the most part, to be had only by importation; they are not books which are republished on this side of the water.

Yours, very truly,

N. D. C. HODGES,
Librarian.

EXHIBIT B.

CLEVELAND PUBLIC LIBRARY,
Cleveland, November 19, 1908.

Mr. JOHN COTTON DANA,
*Librarian Free Public Library,
Newark, N. J.*

MY DEAR MR. DANA: I am greatly interested in retaining the right of free importation of books for libraries, because it is absolutely illogical to tax an institution for free popular education and inconsistent with recognized public policy which exempts it from all other taxes. It would not only increase by the amount of the duty the cost of English books which libraries import, but it would place them still more at the mercy of the publishers in this country by destroying the only existing competition. I sincerely hope that the law will remain unchanged in this respect.

Yours, very truly,

W. H. BRETT, *Librarian.*

EXHIBIT C.

SALEM PUBLIC LIBRARY,
Salem, Mass., November 17, 1908.

Mr. J. C. DANA,
Free Public Library, Newark, N. J.

DEAR MR. DANA: In the revision of the tariff I trust that there will be no restriction on the free importation of books by public libraries, colleges, and learned societies. Our National Government has always encouraged learning and education, but an import duty on books directly discourages both of these important interests. By increasing the cost of books it diminishes the number that can be bought, thereby lessening the library's service to the public. It is directly in the line of the library's most important work, the educational, that this restriction would most be felt. Popular fiction and other ephemeral books are generally reprinted in this country at prices less than they can be imported, while the more serious scholarly books are so costly to reprint and the demand is so small that one edition serves both the foreign and American market. Any action that increases the cost of such books is unworthy of our enlightened nation.

Yours, very truly,

GARDNER M. JONES.

EXHIBIT D.

NEW YORK STATE LIBRARY,
Albany, N. Y., November 14, 1908.

Mr. J. C. DANA,
*Chairman Bookbuying Committee of the
American Library Association, Newark, N. J.*

MY DEAR MR. DANA: I am distressed to learn that there is a possibility of another attempt at the abolition of free importation of books for libraries, at an early hearing of the Ways and Means Committee.

The chief reason for opposing any such action is always that such restriction lays the United States under the imputation of hostility, or at any rate of discouragement, toward the means and facilities for not only creative scholarship, but for ordinary intellectual information and progress. With free importation, the important libraries of the country can provide books at a minimum of expense and in quantity sufficient to provide easy resort for scholars. Without importation these scholars and thousands of individuals would be obliged to provide such books for themselves at much greater cost and in far larger quantities than if the libraries could make them more freely and generally available.

Very truly, yours,

J. I. WYER, Jr.

EXHIBIT E.

THE BUFFALO PUBLIC LIBRARY,
Buffalo, N. Y., November 14, 1908.

MR. JOHN COTTON DANA,
Free Public Library, Newark, N. J.

MY DEAR MR. DANA: I most sincerely hope that no interest will persuade our representatives that it is either good policy or can in any way be of service to the American people to do away with the privilege of the free importation of books now granted to educational institutions.

Such importations are, for the most part, of books not reprinted in this country, but of great value to the few through whose study the whole are benefited. Others are of books the American editions of which are not suitable for public library use or are too expensive for such use, and therefore would not be purchased.

Few American publishers could in any way benefit by the exclusion of the bulk of the books now imported by libraries, and it would be a calamity, as well as a great tax upon public education. It would be to grant a doubtful benefit to a few individuals at the certain expense and to the positive harm of all American readers and students.

Yours, very truly,

WALTER L. BROWN,
Librarian.

EXHIBIT F.

LIBRARY OF PRINCETON UNIVERSITY,
Princeton, N. J., November 16, 1908.

J. C. DANA, Esq.,
Public Library, Newark, N. J.

MY DEAR MR. DANA: Referring to yours of November 13:

1. The chief advantage of free importation of books for libraries is negative. It saves us a nation from the unequivocal stamp of hopeless Philistinism.

2. The justification for free importation is of course popular culture or education. Free importation of books encourages this. As a

Republican protectionist I hold that the business of education should be highly protected by the State through free admission to all consumers of its raw materials, whether books or pictures, and by large subsidies in the way of national, state, and municipal appropriations for the purchase of books for free public libraries. A tax on books, pictures, and apparatus is a tax on the necessities of education, and is justified only in some great political need, such as a war tax.

3. Whatever justification there may be for a tax on private consumers of books and pictures, the taxing of free libraries is an economic self-contradiction. The money spent for the books is raised by local taxation or given for the public good. For the Federal Government to raise money for federal expenses by taxing taxes raised for local education is contrary to the spirit of our institutions and it is self-contradictory and futile in that it is simply paying out of one pocket of funds intended for the public welfare into another. In this case it is paying out of education into federal expenses, but at bottom it reduces to the same economic absurdity that would rise if a municipality should tax its own school buildings.

4. Practically speaking, the advantage of free importation of books is like the advantage of the free importation of tools of precision not made in this country; it encourages and enables the production of better work, without interfering at all with home industry.

Very sincerely, yours,

E. C. RICHARDSON.

EXHIBIT G.

TRUSTEES OF THE FORBES LIBRARY,
Northampton, Mass., November 30, 1908.

It has occurred to me that a few suggestions from me in my private and personal capacity may be of service to the committee in considering the schedule covering paper and manufactures of paper, concerning which your committee was kind enough to hear me in an official capacity on November 21. As experience is the first criterion in judging of one's ability to give an opinion, I may point out that I have been engaged in the purchase of books for public institutions since the year 1890; that ten years of this service was in the Library of Congress and the library of the Department of Agriculture; three years in the library of a small college in Utah; four years in this, a medium-sized public library, much frequented by scholars.

There seems to be some confusion in the minds of some of the committee with reference to binding done abroad for export to this country. In the trade, a leather binding is known as an "extra" binding, as opposed to the commercial cloth bindings, which are largely the work of machinery. Extra binding is practically all hand work. It may be divided into two classes, that done simply to insure durability, and that done to decorate the book. The former is the work of the ordinary binder; the latter that of the art binder. The latter includes originality of design, richness of material, and the highest grade of work. The former requires durable material, honest workmanship, and that is all.

The ordinary cloth case placed on a book by the publisher is sufficiently durable for private use, provided the book is not too heavy

or too severely used. Even for private use leather makes a much more durable binding. For public library use, especially in books having a large circulation, an extra durable binding of leather, with a sewing adapted especially to library conditions, is a desideratum.

We may then say that there are really four kinds of bindings required:

1. Cloth cases for private libraries and ephemeral literature.
2. Durable leather binding for private libraries, where the book is either heavy, in constant use, or is in a set worthy of a better binding.
3. Plain, but especially substantial binding for books having large circulation in a public institution.
4. More or less elaborately decorated binding, for rare books, or the libraries of wealthy persons who are willing to pay for artistic excellence and expensive work.

In considering the placing of a duty on binding it should be borne in mind that there is such a difference. To differentiate further, let me say that of the above classes, class 1 is very cheap, costing only a few cents. Class 2, on the ordinary octavo book, will cost from 25 cents to \$1 per volume. Class 3, from 50 cents to a dollar. Class 4, from \$5 or less to a thousand dollars or more per volume.

There are some of our citizens who prefer genuine Sevres porcelain to any American product. There are some who prefer Paris gowns to the New York City product. So there are some who prefer a binding by Zaehnsdorf of London, or Riviere, to any work, however meritorious in design, done in New York City. They prefer these bindings because they believe that they are more artistic, or simply because they like them better. If we consider these bindings simply from the artistic standpoint, they would or should be entered free as works of art. If we consider them no more works of art than a Paris gown, they might well be dutiable, not only for revenue, but for the protection of the American workman who is attempting to develop artistic binding in this country. But the duty should be a reasonable one.

Class 2, called in the trade edition "extra bindings," are almost entirely made for publishers or booksellers. The cost of the extra binding is often doubled or trebled in the additional cost of the book in an extra binding. Such binding can well afford a moderate duty for purposes of protection or revenue. Libraries often have consecutive volumes of sets of a periodical published in a foreign country bound in that country, for the sake of uniformity, and to insure parts not being lost. Very few libraries send books once their property in this country to any other to be bound, except as a few may desire especially durable work.

Class 3 represents this special work. I can say from my own experience that a durable binding for a book in constant circulation is one of the most difficult things to insure. The paper now being used in books is of such a flimsy character that especial precautions must be taken to adapt the work to this special use. Such work requires especial study and constant experiments, both with material and methods. Some of the libraries of the country have become convinced that a certain firm having branches in Brooklyn, N. Y., and in Bath, England, has given the preparation of these bindings more careful study than any other firm. These libraries have therefore given some of their binding to this firm. In my own library I have tried many binders.

I have told them to put on the most durable binding they could make. I have given them explicit directions. The result has been a great disappointment. The binders have had in mind cheapness rather than goodness. Up to the present time I have, after all these trials, employed the binder in Brooklyn and in Bath. Some books go to England; some do not. The books cost a high price compared with the work offered by the ordinary American binder. But they are bound forever, and in the long run they are cheaper.

The binder in his Brooklyn shop has a nonunion shop. There have been attempts made to induce him to go into the union. He has refused. He pays union wages and his people work union hours.

These are the facts. I have no quarrel with the American binders, nor am I under any obligation to any binder either here or elsewhere. When I find an American binder that will do the work, not promise to do it, but really do it, I will employ him.

I take the liberty of appending two documents. The first is a communication from Mr. Cedric Chivers, of Brooklyn and Bath, England, addressed to the Library Journal; the second is the comment of the editor of that publication. The former statement, which I have no reason to doubt in the slightest particular, shows that the size of Mr. Chivers's business in Brooklyn, employing American labor, is of sufficient importance to justify his being heard as an American manufacturer.

I append also the original of a letter from Mr. A. L. Bailey, chairman of the American Library Association Committee on Bookbinding, stating, in response to a letter of mine, his official opinion of this binding. Mr. Bailey has made the most searching investigations into library bindings, and his opinion is worth much more than mine.

Very respectfully,

W. P. CUTTER.

THE OTHER SIDE OF THE BOOKBINDING CONTROVERSY.

[The Library Journal, November, 1908.]

The other side of the bookbinding controversy is represented in the following statement by Mr. Chivers:

My attention has been called to the publication in the Library Journal of the resolutions recently passed by the board of aldermen of the city of New York and to the affidavits from members of the International Brotherhood of Bookbinders regarding sending public library books to England for binding.

As some of the statements made appear to be rather misleading, I beg to present the full facts in the case.

From the wording of the affidavits it would seem that I merely have an office at 911-913 Atlantic avenue, Brooklyn, for the sole purpose of receiving and dispatching bookbinding abroad, and that all work sent to me is done by aliens.

The truth is I have here a large bookbinding business employing 80 hands, among whom there are only two women and two men who are not American citizens.

My workshop is an "open one," but some of the men in my employ are union. I make no difference when putting on a workman as to

whether he is union or not. The conditions under which my workshops are conducted with regard to hours and wages are second to none in advantages to the workers.

It has been complained by the representatives of the trades union that New York suffers from the fact that while unemployment is rife work is being sent away from this city. I wish to submit that this is not a complete or fair statement of the case. Per contra, I am the cause of more bookbinding being done in New York than was done before I established my business, for I am drawing work from other places. My improved methods of work and better materials are the basis of practically a new business in this city, and I repeat, there is to-day more bookbinding being done here because of my establishment, and not less, as is alleged.

Regarding the sending to England of a portion of the work I receive, the facts are these:

I was invited by a number of the chief librarians of the United States to establish myself in this country for the purpose of binding public library books according to methods and patents which had effected great economies in England and its colonies.

About four years ago I started a bookbinding business in New York, and immediately employed a considerable staff of Brooklyn work people. My success has enabled me to steadily increase this staff, and they find constant employment with me up to the present time without a day's loss of time or wages.

But my business has grown so rapidly that I have had more work than it has been possible for me thus far to educate a staff to accomplish here. In spite of one removal I am now negotiating to enlarge my present premises. All this has rendered it desirable in order to give prompt service to the libraries to temporarily avail myself of my English workshops. This temporary help during the costly period of training and establishment here has enabled me to do work at a less cost than would otherwise be possible.

I explained to the trades union delegation when they called at my bindery that having a part of the work done abroad was only a temporary expedient, and that I am rapidly training workers into my special methods and enlarging my premises, in order to do the work in this country. I may add that the ability to send a share of the binding abroad has greatly benefited the public institutions for which I work, because it would have been impossible to establish such methods as I have introduced into bookbinding without such aid.

As to the moral and legal rights of the case, I have always understood that since the Congress left it open for libraries to buy and have their work done abroad it was with the special intention that the kind of business I have been doing should be done so that educational institutions should be advantaged.

I was the first bookbinder to recognize the necessity for readapting bookbinding; first, to the severe usage to which books are subjected in public libraries. Before my time, and now beyond the influence of my work, books are bound for hard library service as they are bound for the limited service of the private house.

Second. I have and am adapting the binding of books to the various needs of modern papers, which during the last twenty-five

years have varied more in quality than during the previous four hundred years. On both accounts I have made several improvements and introduced new methods in order to meet the necessities of both cases.

The value of these methods and patents have been publicly recognized by the awards of the gold medal at St. Louis, 1904; *diplôme d'honneur*, at Liege, 1905; grand prix, at Milan, 1906; and the grand prix at the Franco-British Exposition, London, 1908. My examples, also, were considered worthy of public exhibition in the Library of Congress, Washington, D. C., during 1905, when a show case containing samples of my improvements was on exhibition during several months.

I set up a standard of work for public libraries in this country, enabling books to serve for very many more issues, and advantaging the lending-library system of the United States by giving library books much longer life. In other words, my methods have enabled two books to serve the library where formerly three were used. As a result, thousands of dollars are being annually saved in the libraries, books are enabled to live and serve much longer, more books are bought with the money saved, and the cost of administration is considerably lessened.

CEDRIC CHIVERS.

[Editorial from the *Library Journal*, November, 1908.]

The bookbinding question raised in New York by the onslaught of the unions upon Mr. Chivers has rather far-reaching relations. The facts are that Mr. Chivers, by the use of his "duro-flexible" binding and the use of stout washable cloth sides with pigskin back has built up a library business in Brooklyn already employing 80 work people and attracting patronage from nearly 500 libraries in different parts of the country. The American business was beyond the possibilities of his present American organization, and perhaps a quarter of the work was sent to his establishment in Bath, England, and reimported under the "free importation for libraries" clause in the tariff. To this the unions naturally took exception, and after various endeavors elsewhere they finally obtained from the New York aldermen the resolution printed in the last issue. The statement of Mr. Chivers in the present number tells the other side of the story and corrects a number of misstatements. Mr. Chivers has done a great service to libraries directly and in bettering the standard of library workmanship in other binderies, and it would be a pity should a narrow and restrictive spirit interfere with his good work. There have been cases where members of a trade union have refused to avail themselves of the privileges of a local library because its work or the books it contained did not bear the union imprint. This is of course a logical result of the extreme union spirit, and it shows to what that may lead. As there is no doubt that Mr. Chivers is within the law in these reimportations, the attack is not likely to be of serious result, especially as it is understood that it is his intention to do more and ultimately all of the work in his American establishment.

THE WILMINGTON INSTITUTE FREE LIBRARY,
Wilmington, Del., November 24, 1908.

MR. W. P. CUTTER,
*Librarian, Forbes Library,
Northampton, Mass.*

DEAR MR. CUTTER: In answer to your question as to my opinion of the Chivers's binding, I wish to say that I believe Mr. Chivers gives the best binding for public library use of any one either in this country or abroad. Several binders in this country have adopted many of Chivers's methods, and in some cases they have endeavored to make the books look like those bound by Mr. Chivers. I have not seen many volumes of such imitations, but such as I have seen are not comparable to the books bound by Mr. Chivers either in appearance or workmanship.

Very truly, yours,

A. L. BAILEY,
*Chairman American Library
Association Committee on Bookbinding.*

CALENDARS AND POST CARDS.

THE CRESCENT EMBOSSING COMPANY, PLAINFIELD, N. J., ASKS
FOR MORE PROTECTION FOR ITS PRODUCTS.

PLAINFIELD, N. J., *November 30, 1908.*

MR. WM. K. PAYNE,
Washington, D. C.

DEAR SIR: As color printers and embossers, we are interested in the tariff on calendars, post cards, etc. When the present tariff was enacted this business amounted to practically nothing in this country, but it has since grown to very large proportions in spite of the fact that German manufacturers have been dumping large quantities of their stock at sacrifice prices on the American market. This has especially been the case during the last twelve months on account of general business depression everywhere, and it has also been especially hard on the American manufacturers during that time.

With the return of business prosperity now setting in, the manufacture of post cards, pictures, and calendars in this country can be developed wonderfully, if foreign goods are made to pay a reasonable duty. The present duty on post cards is only 5 cents per pound, which is practically nothing on high-priced cards, as it amounts to but about 35 cents to 40 cents per 1,000, and it seems a shame that the post cards representing views of all American cities should be made almost entirely in Germany, as they are at present. We do not feel that the American manufacturers are going out of business if the tariff is not made more protective, but we do feel that a reasonable increase in the tariff, amounting to 25 cents to 35 cents per pound, would result in a wonderful development of the industry in this country.

Very truly, yours,

CRESCENT EMBOSSING CO.,
FRED C. LOUNSBURY, *President.*

THE GRAY LITHOGRAPH COMPANY, NEW YORK CITY, ASKS PROTECTION FROM FOREIGN LABOR.

NEW YORK, *December 2, 1908.*

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The tremendous increase in imports of post cards, calendars, etc., in the last few years, combined with the lack of work for the workmen in this country who produce similar material, proves conclusively that the millions of dollars invested in the lithographic plants in this country and the thousands of employees in the lithographic line in this country are being sacrificed, all for the benefit of the foreign lithographers whose product is turned out on a scale of wages that will average about one-third of the wages which have been paid to the workmen employed in the lithographic plants in the United States.

The ingenuity and skill of the lithographic manager and employer are such that with proper protection he can quickly put the thousands of workmen in the lithographic line to work who are now idle, and do so without the hardship of cutting their wages down while food products, etc., are going upward in their cost.

A new and very important line in the lithographic industry—the manufacturing of post cards—would add millions of dollars in work every year to the lithographic plants of this country, and the American taste and style would be preferred to the foreign product. The American product will be purchased provided the foreign product is not allowed to be put into this market at the very low rate at which it is now delivered here, as against the rate made necessary for the American product by reason of the rate of wages now paid to workmen in this country.

While many of the workmen in Europe receive from \$5 to \$8 per week in wages, the workmen doing the same class of work in the United States receive from \$18 to \$25 per week.

This rate of wages is only in keeping with the wages paid to workmen of the same general intelligence and ability employed in other lines of trade. There is every reason, therefore, why the wages of workmen in the lithographic line should not work downward.

It is absolutely necessary, therefore, to have a strong protective tariff on all lithographic product, particularly calendars, post cards, show cards, etc., to enable the lithographic employer to properly use the large plants already erected in this country and to properly employ at living rates of wages the large number of employees who can be given steady employment in this important branch of industry in the United States.

We beg, therefore, of you to consider the matter most carefully and adjust the tariff with a view to properly protecting the American workmen and the American employers in the lithographic line.

Yours, very truly,

THE GRAY LITHOGRAPH COMPANY,
O. D. GRAY, *President.*

GARTNER & BENDER, CHICAGO, ILL., ASK A DUTY OF THIRTY-FIVE CENTS PER POUND ON POST CARDS.*CHICAGO, November 30, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We are informed that some action will be taken in the next session of Congress on the tariff, and that the matter of the duty on post cards will be taken up. We are publishers of souvenir post cards and are of course interested in this matter very much. Our greatest competition is European-made cards.

We find that the protection offered American publishers of souvenir post cards is not sufficient, mainly because European labor is considerably cheaper than American labor, and the duty of 5 cents per pound is not sufficient protection for American publishers to overcome the difference in the labor. The industry in this country is still in its infancy and should be encouraged. European competition is becoming keener, because foreigners now realize the possibilities of the American market.

For the past two seasons we have attempted, in competition with European makers, to manufacture what is known as "season's goods"—that is, Christmas, New Year, valentine, and Easter souvenir post cards. This class of goods is now being offered to us by foreigners at such prices that it is not profitable for us any longer to manufacture them. This will necessarily lead to the discharge of a certain number of the employees now in the engraving and the printing departments. We believe this condition prevails also among other color printers and lithographers. All first-class color printers and lithographers will probably take up publishing of souvenir post cards if these conditions are bettered and they are protected from foreign competition, and thus a great many thousand people will be benefited.

We sincerely trust that a favorable tariff will be obtained. A 5-cent per pound duty is ridiculous. A rate of 35 cents per pound would be desirable and proper protection for domestic manufacturers.

Yours, respectfully,

GARTNER & BENDER.

THE ROSE COMPANY, PHILADELPHIA, PA., SUGGESTS A FIFTY PER CENT DUTY ON POST CARDS.*PHILADELPHIA, PA., December 1, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to supplement our letter of the 25th ultimo, as follows:

The post cards that are now being imported under a duty of 25 per cent should be included in the same classification as other post cards.

Holiday cards, such as Christmas, New Year's, Thanksgiving, etc., whether post cards or not, should come under the same classification.

We beg to refer you to the report of Vice-Consul James L. A. Burrell, of Magdeburg, Germany.

According to the Statistisches Jahrbuch für das Deutsche Reich, the value of picture post cards exported from Germany to the United States during 1907 was 13,190,000

marks (\$3,139,220), as opposed to 4,080,000 marks (\$971,040) in 1906. The total value of the post card export of Germany to all countries is given as 25,835,000 marks (\$6,148,730) for 1907, and as 11,628,000 marks (\$2,767,464) for 1906.

According to this report, during the year 1907, in round figures, \$2,600,000 worth of post cards were imported from Germany alone in one year at an average of \$4 per thousand, which is as nearly correct as any estimate can be. The duty on these cards on a basis of 8 pounds at 5 cents per pound or 40 cents per thousand, would total \$260,000, and the average cost to the importer was \$4.40 per thousand, or \$2,860,000.

If a duty of 50 per cent were levied and only \$520,000 worth of cards were imported, the United States Government would receive a revenue fully as large as it did receive during the time specified. It is certain that no matter what duty is levied some cards will be imported on account of originality of design, novelty in make-up, or some other extremely attractive feature, and we think the above estimate is a very fair one.

On the above basis, over \$2,000,000 worth of cards would have to be manufactured in this country to supply the deficiency in importation from Germany alone. The make-up of cost in post cards is as follows:

	Per cent.
Stock, cardboard.....	10
Inks, etc.....	5
Labor for making plates, drawings, press work, cutting, putting up, etc.....	85
Total.....	100

You can readily see from this what a tremendous boom a high tariff on these goods would be for the laboring men.

Trusting you will take this into consideration, we are,

Yours, very truly,

THE ROSE COMPANY.

SAN FRANCISCO MAKERS OF POST CARDS ADVOCATE A DUTY OF ONE-FOURTH OF ONE CENT PER CARD.

SAN FRANCISCO, CAL., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned manufacturers of picture postal cards hereby petition your committee that in the revision of the Dingley tariff protection be given to the manufacture of picture postal cards in the United States by imposing on all imported picture postal cards a duty of one-fourth of 1 cent per card. A brief in support of our request accompanies this letter.

Respectfully submitted.

EDW. H. MITCHELL.
BRITTON & REY.
SCHMIDT LITHOGRAPH CO.
THE UNION LITHOGRAPH CO.,
B. S. HUBBARD, *President*.
GALLOWAY LITHOGRAPHING CO.,
WM. HAGEN.
LOUIS ROESCH COMPANY,
LOUIS ROESCH, *President*.

**BRIEF IN SUPPORT OF REQUEST FOR A DUTY OF ONE-QUARTER OF
1 CENT PER CARD ON ALL IMPORTED PICTURE POSTAL CARDS.**

Some forty odd years ago the publishing of picture postal cards started in Europe in a small way and grew slowly for the succeeding twenty years or more. Thereafter this industry made tremendous strides, so that now some of the foreign factories are as large as our woolen mills, some of them employing as many as 5,000 workmen. The official estimate of the number of souvenir postal cards passing through the British post-offices last year was 500,000,000, and the value placed on these cards was estimated at \$5,000,000.

In the United States picture postal cards became a fad first about fifteen years ago. They have grown in favor rapidly, until to-day we probably use more picture postal cards than any other country. It is estimated that as much as \$200,000 a day is spent for these cards in the United States. Unfortunately, however, only a very small percentage of these cards is made in this country at the present time. We imported from Germany alone during the year 1907, 725,560,000 cards, which is more than half the total export from Germany. Owing to the big lead obtained by foreign manufacturers, American manufacturers made slow progress at first, but by degrees they have been able to increase their business in spite of foreign competition. Being nearer the market, knowing the correct coloring of local views, and having other small advantages, it was possible for the American manufacturer to increase the size of his runs. By making large editions it was possible to improve the work and reduce the prices; but every time the American manufacturer lowered his prices the foreign manufacturer cut under him, until now the foreign manufacturer makes a much lower price to American importers than that at which he sells at home. The greatly increased use of picture postal cards has been the main factor in enabling the American manufacturer to progress at all, as the demand appears to be greater than the supply. There, however, appears to be no good reason why every card that is used in America should not be manufactured here, and this can be done if the American manufacturer is given reasonable protection. A few years ago picture postal cards were on sale in about 100 stores and shops in the United States; to-day they may be had in 80,000 different places.

With protection the American manufacturer could not only make scenic postal cards, to the manufacture of which he is now practically confined, but could also manufacture art, novelty, and special day cards. The demand for cards is tremendous, as we have already shown, and with American manufacturers enabled to supply this demand employment would be given to thousands of employees at good wages, with reasonable hours, doing artistic and congenial work that would make the employees not only prosperous but happy and contented. Such protection would work no hardship on anyone excepting the foreign manufacturer and would prevent the sending of millions of dollars out of the country every year. It is not the purpose of the American manufacturer to raise the price of picture postal cards, but it is to enable him to meet with foreign competition that protection is asked.

The principal item entering into the cost of picture postal cards is wages. In the United States the manufacturers of these cards pay

their employees four and five times the amount paid to men of the same relative capacities in Europe, and pay their employees as many dollars per day as the manufacturers in Japan pay cents. Japan has recently commenced manufacturing picture postal cards in a large way, and competition from that source will soon be so keen and fostered by such favorable conditions to the Japanese manufacturer in the lowness of their wages there that the American manufacturer without protection can not hope to compete successfully. In foreign countries the working day is 10 hours or longer, while in America it is 8 hours, and the American manufacturer, in addition, pays time and a half for overtime and gives double pay for Sundays and holidays. Another element entering into the cost of picture postal cards is the price of materials, which is much higher in America than in foreign countries.

At the present time picture postal cards have no distinct classification; the result is that no uniform duty is charged on them at the various ports of entry. The custom-house inspectors vary the charge in different ports, some passing picture postal cards as printed matter at 5 cents per pound, others as lithographed cards at a 25 per cent ad valorem tax, and a few others at still higher rates under various classifications. Picture postal cards should have a separate and distinct classification of their own, so that the rate of duty thereon could be uniform. This duty might be figured by the pound or by an ad valorem tax or by a fixed amount per card. The first two methods would doubtless make it necessary to grade the quality of the work, making a lower rate on printed cards, an intermediate rate on cards that were partly printed and partly lithographed, and a higher rate on straight lithographed work. A tax of a fixed amount on each card appears to be the most satisfactory tax, as it eliminates all question as to the exact process by which the cards were made, whether printed, lithographed, or made by both processes, and would thus make it impossible to deceive inspectors.

This method also has the advantage of being the method already adopted in the Dingley tariff with reference to playing cards, which pay a duty of 10 cents per deck; each deck contains 52 cards, so that this rate is almost exactly one-fifth of 1 cent per card. Picture postal cards could easily bear a rate of one-quarter of 1 cent per card if playing cards bear a rate of one-fifth of 1 cent a card. The result of protecting playing cards has been seen in the great development of factories making playing cards in the United States and the increased employment of workmen in these factories. The same result would follow a protection given to picture postal cards.

The Government would be justified in making the rate on picture postal cards higher than the rate on playing cards, because the Government itself derives a return from the use of postal cards. Under the present rates of postage the Government receives an income of 32 cents per pound from domestic letters, while postal cards pay a revenue to the Government of over \$1 per pound.

The phrase "picture postal cards" has been used throughout this brief, as it is a phrase that clearly covers and describes the sort of cards for which protection has been asked. * The technical name for these cards as established by law and international agreement is "post cards," which distinguished the picture postals from the ordinary postal cards printed by the Government.

THE DETROIT (MICH.) PUBLISHING COMPANY ASKS A CONSIDERABLE INCREASE IN DUTY ON POST CARDS.

DETROIT, MICH., *December 2, 1908.*

Hon. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We have a factory located at Detroit, Mich., and respectfully ask an increase in the tariff imposed upon souvenir post cards imported into this country. We ask it because of ruinous competition due to foreign importations of this article.

HISTORY OF THE TRADE.

As it bears upon the present situation, we allude briefly to the history of the trade. The souvenir post-card trade of the United States is of a recent development. Prior to 1898 the total cards used were negligible and the importations of no moment. Our company was the first to develop the business here on a large scale, commencing in 1898. It was not until four or five years later that the trade attained a real magnitude. Since then the consumption has grown every year, and from three or four companies publishing these cards originally the number has increased to over one hundred companies. There are some manufacturers of cards within the United States, but most publishing houses have their cards made abroad. Also, several of the foreign manufacturers maintain agencies here both for taking orders and for distribution of their stock designs. Other foreign houses send travelers over to take orders to be manufactured abroad.

Foreign cards are made in a variety of processes—three-color, half tone, lithography, gravure, and collotype. The trade uses more and more the foreign lithographed card, principally because the duty on that card is negligible.

Millions of these foreign-made cards are imported, and the number used, as compared with the domestic-made cards, is constantly increasing. The Treasury Department is unable to give the number imported, on account of their not being separately classed. The writer knows no way by which exact figures can be presented to your committee. Certain it is, however, that an overwhelming proportion are of foreign manufacture. Most of the German-made cards bear the German imprint, and an examination of the sources of distribution will show on an average four German cards alone to one of domestic manufacture. During the last five years there has been a constantly increasing ratio of the use of the foreign card compared with the domestic card. Again and again customers buy abroad who say they prefer to buy at home, but can not afford the prices American makers must ask.

COST OF MANUFACTURE.

The cost of making the home card is very much in excess of the cost of the foreign card. Several items contribute, but labor is the greatest factor. It is conservative to say that the average labor employed on this industry abroad is paid one-third that of labor in the United States for equivalent work. Here is an illustration: A

German lithographic pressman engaged in this work will receive from \$7.50 to \$12 per week, as against the American pressman, who receives \$22 to \$35 per week. A draftsman will receive from \$6 to \$10, as against \$20 to \$35 here. There are, of course, men in both vocations here and abroad who are receiving both more and less than the above rates, but these figures are for equivalent grades, with the American rates, if anything, understated. In large cities of the United States the rates are higher in proportion as the quality of work increases. For unskilled work, women are often employed in capacities which are unusual in the United States and at equal discrepancies.

There is a great variation in the cost of this product, dependent upon the quality of work and size of edition. Any schedules of cost, therefore, which do not go fully into these two factors are sure to be misleading, and such schedules could not be properly presented within a letter. Averaging the range of these conditions, which are very wide, we believe that the cost allotted to a foreign card under the conditions most commonly occurring will vary from one-third to two-fifths of the cost of the equivalent American card. As indicating something of the range of the product, cards are sold all the way from \$1.50 per thousand to \$50 per thousand.

PRESENT COST OF IMPORTATION.

Cards made by engraving or gravure are assessed 25 per cent duty, but cards made by lithography are assessed 5 cents per pound. This means an import duty of not more than 50 cents per thousand cards, which is no restriction whatever, considering the enormous difference in manufacturing cost. The low duty results from this fact. They are imported as lithographic cards under paragraph 400 and under the specifications of "not exceeding a twentieth of an inch in thickness and not exceeding 35 square inches, cutting size, in dimensions." To show the absurdity of the schedule, the same cards if imported in the sheet before cutting up would pay 35 per cent duty, but because they are cut up before importation (thus completing the manufacture) they fall under the 5 cents per pound rate. It is important to note that the schedule was made before the existence of the souvenir-card business in this country. They are imported, therefore, under a rate designed to cover another article. We are not sure enough to state what it was designed for, but we think it probable it was intended to cover a form of lithographic label and not the pictorial work now known as a souvenir mailing card. Certainly at the time of the adoption of this tariff the trade did not exist and American houses were not engaged in such manufacture. The trade has been a development of the last eight years.

RESULTS OF SUCH IMPORTATION.

As above stated, we are one of the first American makers of these cards, and therefore feel competent to speak with assurance about the trade. It was difficult to get the American educated to the use of the card, but when its merits were realized the growth of the business was extremely rapid. As soon as a real market was created here at the cost of the home manufacturer, the foreign companies invaded the field, and that invasion has constantly progressed until they are dominant in the trade. The foreign manufacturer has a much larger field

at home than the United States, and he considers surplus orders he takes for the American market as so much insurance against dull business in his home market and as tending to cut down his "overhead" expense. He will take orders in this market at less than his cost, or at barely cost, in order to reduce his home expense. In short, we are used as a dumping ground for the foreign makers. During the last five years there has been a continual decrease in the price of these goods, due to increased importations. The business we are able to hold at home is due to special considerations having no relation to the cost of the article, and even then we are compelled to make rates which can not be continuously endured.

REMEDY.

In order to give the American manufacturer an equal chance with the foreign manufacturer it is absolutely necessary to have a very considerable increase in the import duty. Without this he will be forced to give up the business. As to the form that import duty should take, we respectfully ask the following: We believe there should be a specific tax per card in addition to an ad valorem duty, the same as exists in the present tariff on playing cards. In that case there is a specific duty per pack of cards plus 20 per cent. In the case of the souvenir mailing card we think there should be a specific duty of not less than one-fourth cent per card (\$2.50 per thousand cards) plus the highest percentage rate applied to other prints of the same medium in any size. Illustration: Suppose that in the amended tariff the highest rate of duty upon lithographs in large size is 50 per cent. A lithographed card would then be imported upon payment of \$2.50 per thousand cards plus 50 per cent upon the assessed value. If the card were an engraved card, then it would be imported at the percentage for engravings plus \$2.50 per thousand. Quite apart from this subject, we believe the rates on lithographs should be greatly increased, but as figures on that matter will be given you separately we confine ourselves here solely to the question of souvenir mailing cards.

We will be glad to give further details if desired and also give further support to the above statements.

All of which is respectfully submitted.

DETROIT PUBLISHING COMPANY.
W. A. LIVINGSTONE, *Manager*.

THE LITHOGRAPHERS' INTERNATIONAL PROTECTIVE AND BENEFICIAL ASSOCIATION ASKS TARIFF PROTECTION.

JERSEY CITY, N. J., November 28, 1908.

MR. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I am aware that your time is very limited; nevertheless, as I represent an organization the members of which will be very much affected by any mistakes made or by an unjust revision of the tariff, I take the liberty of addressing these few lines to you.

The very principle of a protective tariff is for the purpose of protecting the investment of American capital and to permit such wages to be paid as will allow our wage-earners to live up to the American standard of living. And whensoever this issue has been placed before the American people for a decision it has been sustained by an overwhelming majority.

It appears to me that those who are at the present shouting loudest for a revision of the tariff should draw aside the mask so as to show their true colors as advocates of free trade. To-day we find our country flooded with foreign lithographs, which is not due to any overcharges or monopoly of the American lithographer, but which is due to the difference in the methods of living between the American and German wage-earner.

His wants are fewer, and consequently his earnings satisfy his wants. Have him make America his home, and his wants increase. He looks to be better clothed, his home is brightened with the custom of American homes, his increased wants require better wages, and it is this in turn that keeps the wheels of machinery going.

Our country owes its greatness only to the fact that the wage-earner has been able to get something more than a mere existence, and to change those conditions means a defeat of the party that is responsible for the same.

I will not on this occasion touch upon the figures. They can be obtained by your committee. It is enough to say that the hundreds of thousands of dollars worth of lithographs that are brought into our country should be done here by our workmen, who in turn will spend their earnings for American manufactured goods.

Hoping this will receive your attention, I remain,
Very truly, yours,

FRANK GEHRING,
*General President Lithographers' International Protective and
Beneficial Association of the United States and Canada.*

Letters in similar vein to the above, asking additional protection for post cards, calendars, sample cards, and the like, were received from the following: Chilton Printing Company, Philadelphia, Pa.; Eugene A. Behr, 29 Mercer street, New York City; J. C. Marble & Son, Mangum, Okla.

**VIRGIL LAMONT JOHNSON, GERMANTOWN, PA., STATES THAT
AMERICAN POST CARDS ARE INFERIOR.**

22 WESTVIEW AVENUE, GERMANTOWN, PA.
HON. SERENO E. PAYNE,
*Chairman of Ways and Means Committee,
Washington, D. C.*

DEAR SIR: I notice that some postal-card publishers have appeared before your committee and asked for an increase in tariff on postal cards. I wish to say that I am a large purchaser of postal cards, but owing to the inferior quality in this country I am forced to order all

my cards from Germany. If you can find any of the publishers who can furnish as good a product as the foreigners you will do me a favor by placing him in communication with me.

Yours, respectfully,

VIRGIL L. JOHNSON.

DECALCOMANIA TRANSFERS.

THE ARMOR LITHOGRAPHING COMPANY (LIMITED), PITTSBURG, PA., ASKS REDUCTION OF DUTY ON ITS RAW MATERIALS.

PITTSBURG, PA., *December 10, 1908.*

HON. JOHN DALZELL,

*Member of Ways and Means Committee,
Washington, D. C.*

DEAR SIR: We are interested in the revision of the present tariff law so far as it applies to lithographic decalcomania prints, for the reason that we do not consider it equitable, and because it is not properly classified, and in a number of cases it is very difficult for the officers of our Government to be able to clearly ascertain and determine with any degree of certainty as to what class the different articles and materials properly belong.

Decalcomania is a transfer printed on either simplex or duplex paper. It is then transferred from this paper to stone, china, pottery, and glass, furniture, machinery, etc., and consists of three distinct classes.

First. Cold decalcomania, wholly or partly covered by metal leaf.

Second. Cold decalcomania, not covered by metal leaf.

Third. Ceramic decalcomania, printed in mineral colors for china and glass.

These three should be separated and treated separately in the tariff schedule for customs classification.

We are especially interested in the ceramic decalcomania prints, which under the present tariff law are imported into our country as surface-coated paper wholly or partly covered with metal or its solution, which under paragraph No. 398 is dutiable at rate of 3 cents per pound and 20 per cent ad valorem.

Duplex paper.—Ceramic decalcomania prints are all printed on duplex paper. This paper is composed of two sheets of paper. The coated sheet upon which the printing is done is a sheet of very thin tissue paper. The other sheet, or the back sheet, is much heavier paper and is only for service during the process of printing or lithographing on the thin tissue sheet, as the sheet of the heavy paper stiffens and strengthens the thin tissue sheet. The two sheets of paper are not placed together permanently, but can be easily separated after the printing is completed on the thin tissue sheet, after which it is removed from the heavier sheet. The thin or tissue sheet is alone made use of in transferring the prints, the thinness of this paper permitting the design to readily conform itself to the shape of the article to be decorated.

By reason of the numerous patents and processes which are owned and controlled by the paper manufacturers of Europe, duplex paper has not and will never be successfully manufactured in this country;

and since it is absolutely necessary to use duplex paper in the manufacture of ceramic decalcomania, we are compelled to import this paper from Europe and pay a duty of 35 per cent ad valorem upon the same.

We are also compelled to import nearly all the mineral colors which are used in the manufacture of ceramic decalcomania, and on these colors we are also obliged to pay a duty of 30 per cent ad valorem.

The mineral colors and the duplex paper are both manufactured in Germany, and the German manufacturer of decalcomania has therefore the advantage in purchasing both these materials in his home market, thus having no tariff duty or transportation charges to pay on the same.

The German manufacturers are our principal competitors, who, instead of shipping the decalcomania prints into this country as they are originally produced on duplex paper, separate the two sheets of paper and while they retain the heavy or back sheet they only ship to this country the thin or tissue sheet upon which the metallic colors are printed. This thin or tissue sheet of paper approximately weighs only about 20 or 25 pounds per 1,000 sheets, whereas the duplex paper, including both the tissue sheet and the heavier back sheet, approximately weighs from 115 to 120 pounds for every 1,000 sheets; thus by stripping and separating the thin from the heavier sheet there is a direct saving on the duty alone that is paid by the German manufacturer on from 90 to 100 pounds on every 1,000 sheets.

It is a well-known fact that the German manufacturers of lithographic prints ship and export such prints into this country and sell them below the market price of this same class of prints in Germany, and in many cases invoice the same to their own branch offices and houses in this country at less than the market price in Germany.

Many of the designs and prints for ceramic decalcomania are originally made for use in the German market, and their surplus of same is shipped by them into this country.

It is a common practice that the cost and expense of designing and drawing on stone in Germany is not calculated and included in the cost of prints of those which are shipped into this country, the afore-said cost only being calculated and added to the cost of such prints which are sold in Germany and other European markets.

The wages for labor paid by German manufacturers are very much lower than similar class of labor is paid for in this country, as the following comparison will show:

Lithographic artists in Germany get from 32 to 36 marks, or \$8 to \$9 per week.
Steam-press printers in Germany get from 20 to 32 marks, or \$5 to \$8 per week.
Press feeders (female) in Germany get from \$3 to \$4 per week.
Transfer printers in Germany get from 22 to 35 marks, or \$5.50 to \$8 per week.
Lithographic artists in this country get from \$22 to \$45 per week.
Steam-press printers in this country get from \$22 to \$35 per week.
Press feeders in this country get from \$10 to \$17 per week.
Transfer printers in this country get from \$22 to \$35 per week.

We would respectfully call your attention to a brief filed with your committee by a committee from the National Association of Employing Lithographers, which in a brief way makes a comparison between the American and European productions and the amendments to paragraphs 398 and 400 as suggested and recommended by them,

which in our opinion would be equitable and proper for the protection of the decalcomania industry of this country.

In conclusion permit us to say that we have endeavored to make our explanation as brief and concise as possible, and hope it will materially aid and assist you in determining the fairness and equity of our claim and contention on the question of the revision of the present tariff law so far as it relates to "ceramic decalcomania."

Hoping you will give this matter your most thoughtful consideration, and after doing so that you may see your way clear to give the same your earnest support, we are,

Yours, very respectfully,

ARMOR LITHOGRAPHING COMPANY (LIMITED),
JOHN WILHELM, Jr., *Secretary and Treasurer.*

**CHARLES W. HARRISON, TRENTON, N. J., WRITES RELATIVE TO
CERAMIC DECALCOMANIA TRANSFERS.**

TRENTON, N. J., *December 3, 1908.*

Hon. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Having been engaged in the importation and sale of decalcomania transfers for decorating china and earthenware for the last ten years, I beg leave to lay before you in a few words some facts connected with these goods. It appears to me that an attempt has been made to impress the committee of which you are the head with the importance of the domestic manufactures of the same by confusing them with general lithography.

The total amount of the ceramic transfers imported does not, as far as my information goes, exceed \$400,000 per annum, and the value of those made in this country about \$100,000.

These goods differ from general lithographic goods in that they are not in themselves a finished article or used as such, but are used solely in the decorating of crockery, and to a very small extent in decorating glass. Nearly all of the pottery ware made in this country is now decorated with these transfers.

Everyone who knows anything of the pottery industry in this country is alive to the fact that the American potters, who have already a hard struggle to hold their own, would find their difficulties vastly increased if their supply of imported decorations were shut off or even seriously restricted, and that they simply could not compete with the imported ware if forced to rely on the decorations of domestic manufacture.

The latter are, in fact, confined entirely, or almost entirely, to copies of the imported patterns. I can myself, if desired, lay before the committee of which you are the head a sheet produced by the factory in England whose goods I handle, and a sheet printed by a factory in this country, which is an exact copy of same and which is sold here at several cents a sheet less than the price at which I can sell the original, which makes it difficult to see upon what ground an appeal is made for further protection.

In view of all the facts, I beg, sir, to respectfully suggest that the interests of the pottery manufacturers demand that no further difficulties be placed in the way of their obtaining the best decorations that can be obtained, and that the least disturbance would be caused to this important industry by fixing the duty at the rate that was levied from 1897 until the early part of the present year, when by a decision, procured without the knowledge of myself and other importers and without our side of the question being heard, the goods were removed from clause 400, which imposed a specific duty of 20 cents per pound weight, to clause 398, which imposes an ad valorem duty of 20 per cent and 3 cents per pound weight. This duty we are now paying under protest, but I submit, sir, that in view of the peculiar nature of these goods and the difficulty of fixing upon each sheet an equitable valuation, that a specific duty is the most equitable and the most easily levied and the least easily evaded, and therefore the most desirable.

Since, however, it is notorious that the intention of the framers of the act of 1897 has been evaded and that large numbers of sheets have been imported at about a fourth of the duty which they should have paid by the simple expedient of stripping the sheets from the white backing on which they are printed, I submit, sir, that sheets which have been stripped from their backing should be subject to four times the amount of the specific duty levied on the complete or duplex sheets, which would result in all sheets of the same size paying the same rate of duty.

Trusting, sir, that the status of these goods may be defined in a way that will prevent a repetition of the uncertainty that has so hampered business in the past.

Yours, very respectfully,

CHAS. W. HARRISON.

THE CROXALL CHEMICAL AND SUPPLY COMPANY, EAST LIVERPOOL, OHIO, WANTS DUTY REMOVED FROM DECALCOMANIA TRANSFERS.

EAST LIVERPOOL, OHIO, *November 18, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We beg to respectfully call your attention to the schedule under which decalcomania transfers used by pottery manufacturers are scheduled. The Dingley bill provided for a specific duty of 20 cents per pound. These goods have been brought into this country under this ruling until August last, when the same was changed by an order from the court in Philadelphia.

* * * * *

The judge decided that they were surface-coated papers, and duty has been paid under protest on shipments arriving since that time.

* * * * *

These decalcomania transfers can only be construed as raw materials. It is necessary for them to go through a process with the American potter before they are a finished product. To deprive the

American pottery manufacturer of the privilege of going abroad and procuring the works of the old masters to decorate his ware in competition with the European pottery manufacturer would be more deplorable or equally so at least than a reduction in the present tariff schedule on pottery.

The pottery business of this country is one that every American citizen can feel proud of. It is rapidly growing notwithstanding the fact that but very few have made any money in the past several years owing to the still keen competition with the European potters. You will therefore see that to deny him of the privilege of using the European transfers to decorate his ware to compete with the foreign potters would be most disastrous in its results as it is the decorated effect which eventually sells the goods.

The decalcomania transfer industry is insignificant and of very small importance in comparison with the enormous interests in the pottery industry. The total output of decalcomania transfers would not exceed in value the output of one fair-sized pottery.

We believe that every effort will be made by European pottery manufacturers, especially the Germans, to see that a high tariff is placed on decalcomania transfers so that the American potter can not afford to use the foreign article, and consequently cripple him in his own market in competition with the German goods.

In support of this belief we are in receipt of a communication from Germany from a confidential source, the original of which we would be pleased to submit to your honorable body, in which they inform us that a movement has been started to increase the duty on decalcomania by German potters in the United States, as they fear that the American potters are becoming more serious competitors to them, especially by means of the high-classed decalcomania of which they are large consumers and obtain the choicest selections, and that they have succeeded in inducing the German Government to advocate a high duty on decalcomania, and will have the assistance of importers of china ware in this country.

In conclusion we sincerely trust that this matter will be thoroughly looked into, feeling confident that you will realize the importance of keeping this under the schedule as provided for in the Dingley bill, namely, at 20 cents per pound, and that to increase the duty on this article would be a gross injustice to the mammoth American enterprise such as this pottery business is.

Very respectfully,

J. T. CROXALL.

**PALM, FECHTELER & CO., NEW YORK, RECOMMEND SPECIFIC
DUTY FOR DECALCOMANIA TRANSFERS.**

NEW YORK, December 2, 1908.
Hon. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Palm, Fechteler & Co., of New York, manufacturers and importers of decalcomania, established here, respectfully present the following brief for consideration.

Decalcomania is divided into two classes, as follows:

Cold decalcomania, such as used for ornamenting, decorating, putting on trade marks, lettering, etc., on farm machinery, wagons, sewing machines, typewriters, and general merchandise.

Ceramic decalcomania, such as used solely by manufacturers of porcelain, china, glass, and enameled ware.

The present duty levied under the decision of the Philadelphia courts, viz, 20 per cent ad valorem and 3 cents per pound, is not a fair duty, because if goods are honestly entered the cheaper grade goods and the higher grade goods are the only two really affected: it raises the cost of the cheaper grade and the higher grade, and the medium grade—of which by far the greatest quantity is used and imported—is not affected in this way, but this line is even a little cheaper to import. For that reason the duty is not fairly distributed over all grades.

The duty as formerly levied, before the Philadelphia decision, viz, 20 cents per pound, is the fairest duty (providing no stripped goods are imported in ceramic transfers) as it averages 35 per cent, and this is adequate for all purposes.

Stripped goods, and by this we mean goods that have been manufactured on duplex paper at the factories abroad and after the work is finished the thin paper is stripped from the heavy and the thin only imported, in such cases the duty instead of netting 35 per cent nets about 5 per cent to the Government; consequently it would be fair for all importers if it were forbidden to import decalcomania stripped, and then in that case the average duty would be on this class of goods 35 per cent, figuring the duty at 20 cents per pound.

A specific duty is by all means the fairest for all concerned, as it would do away with undervaluations which in this line could easily be done. The reason is, that the cost of manufacture is never the same in any two factories manufacturing this line of goods. As we represent the largest number and most important factories of Europe, and are manufacturers ourselves in this country on the largest scale, we can demonstrate this fact upon request.

Domestic manufacturers of decalcomania. This industry was started in this country in 1866 by the firm of Pfeil & Weiss, Philadelphia. In 1868 Wells & Hope, Philadelphia, and Tuchfaber & Co., Cincinnati, Ohio. Then in 1888 Pfeil & Golz, Camden, N. J., and since 1893 the following manufacturers have been established in this country and have been successful:

American Decalcomania Company, which is now the American Decalcomania Works, Weehawken, N. J., owned by us and which is a large industry and growing every year.

Meyercord Company, Chicago, Ill., which is a large industry and started in a very modest way, and has grown to its present proportions under existing conditions.

National Decalcomania Company, Philadelphia, Pa.

Armour Lithographing Company, Pittsburg, Pa.

U. S. Decalcomania Company, Chicago, Ill., which concern has been reorganized and is now manufacturing under the name of "The Decalcomania Company."

Karle Lithographing Company, Rochester, N. Y.

Wolf & Co., Philadelphia, Pa.

Palm Brothers Company, Cincinnati, Ohio.

In addition to this there are many others that are in this industry but not of great importance.

This list of names will show you that all of these manufacturers have established themselves in this country and are growing from year to year under the present conditions.

Increase of duty.—This would affect the pottery industry in this country more than any others, as it would increase the cost of the ceramic decalcomania to them, and, as the ceramic decalcomania has been the means of bringing the American pottery up to its present high standard because the decalcomania as furnished to them is the same quality, style, design, etc., as used by the foreign potters; therefore, decalcomania is a raw material and absolutely necessary in this particular branch of American industry.

Ceramic transfers as made in this country are of a very mediocre quality, and no domestic manufacturer of decalcomania in the ceramic line has as yet been able to produce decalcomania in the lowest, medium, or high-grade goods anything that equals the foreign manufacture; so, any increase of duty on these goods would not benefit the domestic manufacturer and would only increase the cost of this article to the user in this country.

We would also state that decalcomania, though made by the lithograph process, is not a lithograph in the full sense of the word, and would recommend that a separate paragraph be devoted to this one particular branch, so as to avoid complications such as have arisen in the past, and by this we refer now to the decision of the Philadelphia court, under which rule the new duty is being levied and this decision is being now fought out in the courts.

For the above reasons we respectfully recommend as follows:

First. A specific duty for decalcomania.

Second. The duty to be 20 cents per pound.

Third. That no stripped goods be permitted to be imported, and, if it is permitted to import stripped goods, that in that case these goods to pay a duty equal to what the difference would be on regular duplex paper, and this would then mean that the duty would be \$1 per pound.

Fourth. That decalcomania be placed under a separate paragraph, and entirely free from the schedule of lithographic material.

Very respectfully submitted.

PALM, FECHTELER & Co.,
By S. MOSLEN,
Managing Partner.

ENVELOPES.

**THE AMERICAN PAPER GOODS COMPANY, KENSINGTON, CONN.,
SUGGESTS NEW CLASSIFICATION FOR ENVELOPES.**

KENSINGTON, CONN., *December 4, 1908.*

Hon. SERENO E. PAYNE, M. C.,
Washington, D. C.

DEAR SIR: In connection with proposed revision of the tariff we desire to call attention to the fact that duties prescribed in existing

tariff, sections 397, 398, 399, and 402, in reality discriminate against the American envelope manufacturer in favor of the European.

There has been a constantly growing demand the past few years for envelopes made from high-glazed transparent papers, which papers are produced only in Europe, chiefly in Germany.

We have endeavored to supply this demand, but since the business has assumed large proportions have been decidedly hampered by the importation, chiefly from Germany, of the completed article.

The chief cost of these goods is the paper, admitted at present (section 402) as paper not otherwise specifically provided for at a rate of 25 per cent ad valorem, while the completed article is admitted (section 399) at a rate of 20 per cent ad valorem.

In making envelopes in the United States paper must of necessity be imported in sheets or rolls, and there is a loss in cutting the irregular shapes required often as high as 12 and 15 per cent and a further waste running often as high as 5 per cent in manufacture. On all this waste the American manufacturer pays the duty of 25 per cent, while the foreign manufacturer pays but 20 per cent on paper actually used in the completed article plus his cost of manufacture, which is smaller than ours, and selling profit.

Were suitable papers made in the United States, we should be glad to avail ourselves of this source of supply; but they are not, nor have experiments in this country turned out favorably, nor is there any inducement to the American paper maker to develop these grades of paper for envelopes so long as the German envelope is sold here cheaper than the German paper, and the American envelope manufacturer is unable to engage in the business. We, therefore, feel that in justice to domestic manufacturers of both paper and envelopes, the rate of the raw material should be compensated for by a duty on the manufactured article. On account of waste in cutting, running, and cheaper labor abroad, the rate on the manufactured article, to be really equitable, should be materially more than on the raw material.

Without knowledge of what the raw rates on paper will be, we therefore strongly recommend that section 399 be amended as follows:

Paper envelopes, plain, 20 per cent ad valorem; if bordered, embossed, printed, tinted or decorated 35 per cent ad valorem, plus an additional duty at the rate imposed on the paper used in their manufacture.

This gives us very little protection. Practically it simply gives us a chance to compete in the American market on even terms with the foreign manufacture.

We particularly feel the need of this provision at this time since applications are being made to increase the tariff and cost to us, not only upon various grades of paper, but upon other materials which we are obliged to import, for example tapioca flour not made in this country at all. These applications it is impossible for us to be advised of in time, or in many cases successfully to oppose when we do learn of them. The only safe position for our industry is one where an increase in the tariff on our raw materials will, as here requested, carry a balancing rise in the tariff on foreign envelopes.

· We have never asked for any discrimination in our favor, but respectfully submit that ourselves and others ought not to be discriminated against in favor of our foreign competitors.

Yours, truly,

THE AMERICAN PAPER GOODS CO.,
N. S. BACON, *Assistant Secretary.*

(The Continental Paper Bag Company, New York City, writes indorsing above letter.)

**THE SEWELL-CLAPP MANUFACTURING COMPANY ASKS A
HIGHER DUTY ON ENVELOPES THAN ON ENVELOPE PAPER.**

CHICAGO, *December 7, 1908.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: Our attention has been called to the fact that by the present tariff law a higher rate is in some cases imposed upon foreign-made paper brought into this country than on the envelopes made of such paper. This is a manifest injustice to the envelope manufacturers in this country and an evident discrimination against American labor. The American manufacturer must pay the higher rate of tariff on the paper wasted in process of manufacture, while the foreign manufacturer pays a lower rate of tariff on the paper actually used in making the envelopes only.

We respectfully represent that the tariff, in justice to American manufacturers of envelopes, should be so amended as to place upon foreign-made envelopes a considerably higher rate of duty than that laid upon the paper of which the envelopes are made.

The increasing use of envelopes made of imported papers makes this a matter of considerable importance to envelope manufacturers, and we respectfully recommend it to the attention of your committee.

Very truly, yours,

SEWELL-CLAPP MFG. CO.,
CLEMENT L. CLAPP.

**HON. HARRY M. COUDREY, M. C., SUBMITS LETTER OF THE HESSE
ENVELOPE AND LITHOGRAPH COMPANY, ST. LOUIS, MO.**

ST. LOUIS, *December 7, 1908.*

HON. H. M. COUDREY, M. C.,
Washington, D. C.

DEAR SIR: As the Ways and Means Committee of Congress is at work revising the tariff, we think it but right and proper to call your attention to certain facts existing under present tariff, which discriminates against the American manufacturer of envelopes in favor of European competition in sections 397, 398, 399, and 402.

In the past few years there has been a constantly growing demand for envelopes in this country made from certain papers which are produced only in Europe, chiefly in Germany.

The chief item of cost in the manufacture of envelopes is the paper. Take, for instance, a certain transparent high-glazed paper, which is now being used to a great extent in this country in the manufacture of envelopes, admitted at present (section 402) as paper not otherwise specifically provided for at a rate of 25 per cent ad valorem, while the completed envelope (section 399) is admitted at a rate of 20 per cent ad valorem.

In manufacturing envelopes it is necessary to import this paper in sheets or rolls, and in cutting the irregular shapes for envelopes there is a loss in cutting of from 12 to 15 per cent, and a further loss in waste in running through machine of about 5 per cent. On all this waste the American manufacturer pays a duty of 25 per cent, while the foreign manufacturer only pays 20 per cent on the actual amount of paper used, paying nothing on the waste, which we are obliged to figure in the cost of our product.

Of course, we do not know what the revised rate on paper will be when the committee gets through with it, and without this knowledge we suggest, recommend, and urge that section 399 be amended as follows:

Paper envelopes, plain, 20 per cent ad valorem; if bordered, embossed, printed, tinted, or decorated, 25 per cent ad valorem plus an additional duty at the rate imposed on the paper used in their manufacture.

We believe the above to be only fair to the American manufacturer, whose cost of labor and other expenses are much higher than in foreign countries.

We particularly feel the need of this provision at this time, since applications are being made to increase the tariff on other materials used by us in the manufacture of envelopes. Tapioca flour, for instance, which is not made in this country at all and which is probably the next greatest item in the manufacture of envelopes outside of labor. This is not a luxury, and, as stated, can not and is not being produced in this country. Why, then, should a duty be placed upon it?

We know the committee wants to learn the facts and will make such recommendation as will protect American manufacturers and at the same time work no hardship on the people of this great country.

Yours, truly,

HESSE ENVELOPE AND LITHO. CO.,
F. H. HESSE, *President and Treasurer.*

FILTER PAPERS.

NEW YORK, *December 3, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

SIRS: Tariff law, Schedule M, pulp, paper, and books, paragraph 397: Filtering paper 5 cents per pound and 15 per cent ad valorem.

Why this excessive rate of duty? Would not 2½ cents per pound be sufficient from either or any point of view?

We are distributors of foreign-made filter papers and have been mystified as to why this line is or should continue to be taxed with what amounts to 75 to 90 per cent duty.

Respectfully submitted.

Yours, truly,

ZINKEISEN & Co.,
M. ZINKEISEN.

GLAZED OR TRANSPARENT PAPER.

CINCINNATI, December 10, 1908.

CHAIRMAN WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

DEAR SIR: Our attention has been called to the fact that some discussion has arisen regarding the revision of the tariff schedule on paper. What we are particularly interested in in this line is glazed or transparent paper, which is at present being imported chiefly from Germany, and is used in great quantities for making transparent envelopes.

As we understand it the present rate of duty on paper on importations of this kind is 25 per cent, while the rate on envelopes made up out of this same kind of paper is only 20 per cent. If we as manufacturers buy the paper, we have not only to pay the high rate of duty on the paper, but in making the envelopes, on account of their irregular shape, we are compelled to waste in cutting from 10 to 15 per cent. This waste, in the meantime, has had a duty of 25 per cent paid on it, whereas the foreign manufacturer of envelopes can get the whole thing in here complete at 20 per cent. This seems to us to be an unfair deal to the American manufacturer of envelopes.

We wish to recommend the above to your consideration. We as manufacturers do not care for any great amount of protection, but we do not want to be discriminated against as above.

We respectfully ask that you give this matter consideration at the proper time.

Yours, very truly,

THE U. S. PAPER GOODS CO.
H. W. STUART.

INTERNATIONAL PAPER COMPANY.

JOHN NORRIS, REPRESENTING THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION, SUBMITS SUPPLEMENTAL STATEMENT.

NEW YORK, November 30, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives,

Washington, D. C.

GENTLEMEN: In view of the fact that the chairman asked a representative of the International Paper Company to submit a statement

of the securities given in exchange for mills merged into that company, I venture to furnish a memorandum bearing upon the condition of those mills when merged. I present the following.

Yours, truly,

JOHN NORRIS,
*Chairman Committee on Paper,
American Newspaper Publishers' Association.*

In January, 1898, all the large paper mills of the Eastern States, with a few unimportant exceptions, were merged into the International Paper Company. This corporation was capitalized upon a basis of \$55,000,000, divided as follows:

Bonds.....	\$10,000,000
Preferred stock.....	25,000,000
Common stock.....	20,000,000

The basis of the consolidation was as follows:

Corporation.	Tons.	Total.
Glen Manufacturing Co.....	135	\$4,344,000
Winnipisogee.....	70	2,135,130
Fall Mountain.....	100	4,105,307
Russell Paper.....	20	684,000
Niagara Falls.....	120	3,659,800
Webster Paper.....	26	592,800
Haverhill.....	40	228,000
Hudson River (Plattsburg, Glens Falls, St. Maurice Lumber Co.).....	150	3,193,260
Umbagog.....	275	7,965,653
Otis Falls.....	20	536,800
Falmouth.....	150	4,976,580
Herkimer.....	60	.....
Lake George.....	25	592,800
Turners Falls.....	50	1,231,200
Rumford Falls (plus Woodland).....	11	228,000
Pierceland.....	100	2,260,000
Ontario.....	30	506,000
Montague.....	60	412,000

Five of the paper mills (Rumford, Niagara, Fall Mountain, Turners Falls, and Montague) rented their power at a total annual cost of \$196,000 per annum. Two others were run by steam, which made successful competition by them impossible, and five others had insufficient power. Four owned no wood lands and ten of the mills had no sulphite auxiliaries.

One hundred and one paper-making machines were comprised in the plants of these mills, but only half of them were of recent construction or of desirable pattern. Fifty of the paper machines in the mills were almost worthless. Mr Whitcomb, general manager, on page 1072 of his testimony before the Mann committee, submitted a table of 67 paper machines making news print paper. Referring to a list of 101 paper machines, he said:

They were all making news at the time they were taken into the company.

Out of this list of machines, 3 were sold, that is, the mills containing 3 machines were sold; 15 machines were discontinued; 5 machines were leased; the plants containing 5 machines are at present under lease.

In further explanation of Mr. Whitcomb's testimony and to reconcile his statement that only 67 paper machines are now making news

print paper, it should be stated that 15 machines have been diverted to the making of other kinds of paper.

Not one of the mills in all the combination possessed all of the six essentials of the cheapest and most successful manufacture, namely, cheap wood, cheap and ample water power, cheap rates to market, modern machinery, wholesale production and concentration at one place under one supervision.

One mill (Haverhill) was dismantled after purchase. One mill included in this combination (Rumford Falls) made profits of \$488,000 in four months on a capital of \$500,000 and entered the trust on a basis that yielded \$4.50 for every dollar of original investment, so that in forty-four months the total return on an investment of \$500,000 was \$2,750,000. Yet that mill was in such poor shape when acquired by the trust that an enormous outlay was necessary to bring it into condition.

Another mill (Ontario) averaged profits of from 32 per cent to 48 per cent per annum, and took \$4 in trust securities for every \$1 of its stock.

One plant (Lawrence) which could not make newspaper on a number of its machines was unloaded upon the trust at a valuation of \$22,000 per ton of daily output as a premium to the promotor of the International Paper Company, Mr. W. A. Russell.

Another mill that had not made any money in ten years was turned in at \$22,000 per ton of daily output.

For a mill (Herkimer) that made not 1 cent of profit in 1897—a mill which had no water power, no sulphite attachment, and which carted its pulp 2 miles, an appraisement of \$570,000 was put upon it in its merger into the trust.

An allowance of nearly \$8,000,000 was made for a mill (Glens Falls) one-half of which might better be located upon Boston Common or in New York City. Five years previous the stock capital of that concern had been \$300,000.

Another company which was merged into the trust on a basis of \$3,500,000 had been started on an investment of \$60,000—Glen Manufacturing Company.

These details are given to show the character of security which you are now asked to protect.

Respectfully submitted.

JOHN NORRIS.

JACQUARD DESIGNS AND CARDS.

REPRESENTATIVES OF JACQUARD DESIGNERS AND CARD CUTTERS ASK AN INCREASE OF DUTIES.

PATERSON, N. J., *December 2, 1908.*

CHAIRMAN AND MEMBERS OF WAYS AND MEANS COMMITTEE.

GENTLEMEN: We beg to submit brief for the benefit of your committee, to show cause why the tariff should be increased on Jacquard designs and cards. We are asking only a reasonable amount of protection to our industry.

The European competition has been very great during the last few years, and the custom-house statistics do not show the actual importation in the United States.

It is very easy to avoid paying duty on these importations, as they come through the mails on very thin paper (as Exhibits 1, 2, and 4), made expressly for the export trade. The designers in the United States have suffered considerably through this, and their numbers have decreased 50 per cent in the last five or six years.

Six years ago there were 140 designers and 50 card cutters in this part of the country, and to-day there are no more than 60 or 70 designers and 30 card cutters. The decrease is not due entirely to change of fashion, but is due to the greatly increased importations that pay no duty.

One firm in this city has a special machine by which they can take these imported cards (Exhibit 2) and manufacture from them cards of the same size and similar in every way to the cards now used on the Jacquard looms, as per Exhibit 3. Cards sent this way (Exhibit 2) saves the duty on the designs, and if duty is collected it is collected on the cards only.

Cards coming in this way should pay duty on the design and cards combined, as the design must be created before the cards can be perforated.

Many firms in Germany export designs and cards to the United States, and if manufacturers in the United States who import them are allowed to take advantage of the extremely low duty, or duty evaded altogether, other manufacturers in the silk industry will have to follow in order to compete, and the result of such a course would be to lessen the number of designers and card cutters to a few, or drive them out of the business altogether in a short time.

Considering the wages paid here and wages paid in Germany, we have no chance of fair competition, and therefore we ask for an increase in the tariff of at least 100 per cent.

The minimum rate at which designs can be produced in this country is \$2.50 per hundred cards, and in Germany the rate is 3 marks (75 cents) per hundred cards.

We do not fear competition with any country as far as ability goes, but we can not stay in the business and exist under the present conditions.

We submit exhibits of sketches, designs, and cards, also a wage scale, showing the different wages paid here and in Germany. The following is a comparative scale of wages:

	America.	Germany.
Designers of average ability, per week.....	\$16.50	\$6.00
First-class designers, per week.....	25.00-30.00	12.00
Boys (apprentices), per week.....	3.50	.50

We also ask that all designs coming through the custom-house undervalued, or fraudulently through the mails, be confiscated.

Respectfully submitted.

ROBERT P. BAGGALEY,
WILLIAM L. BUTZ.

*Committee (representing the Jacquard
designers and card cutters of the United States).*

LITHOGRAPHIC PRINTS.

THE FORBES LITHOGRAPH MANUFACTURING COMPANY, BOSTON, MASS., SUBMITS SUPPLEMENTAL BRIEF.

BOSTON, MASS., *December 2, 1908.*

Hon. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
 House of Representatives, Washington, D. C.*

SIR: The Forbes Lithograph Manufacturing Company, of Boston, begs to file this brief as an addition to the brief submitted by it at the hearing held before the Ways and Means Committee November 21, 1908.

WAGES IN GERMANY.

The chairman asked that any information as to wages in Germany be filed with the committee. The following is a copy of letter from Mr. Gustav Herrmann, dated Nürnberg, June 30, 1908. Mr. Herrmann is a manufacturer of bronze powder at Nürnberg and comes in contact with the lithographic industry in that country. Copy of his letter follows:

[Gustav Herrmann, manufacturer of bronze powder. Cable and telegraphic address, Bronzeherrmann.]

NÜRNBERG, *June 30, 1908.*

Messrs. THE FORBES LITHOGRAPH MANUFACTURING COMPANY,
Boston.

GENTLEMEN: Your favor of the 13th instant to hand. I beg to say I tried with various firms here like E. Nister, Mayer's Kunstanstalt, like the largest transfer picture manufacturer C. A. Pocher, to get the information you want.

I am very sorry to say every one of them refused to give such information, although I am on friendly terms with them. All the German lithographic firms came to a mutual understanding to inform nobody any more about the details of their business.

As I saw there was no use to push that side any more, I went to the headquarters of the social-democratic party here, trusting that the employees would give me the information which was refused by the employers. I am pleased to say that I can serve you with the following details received quite openly by the president of the social-democratic workmen's department for wages, who happens to have been a working lithographer himself before he took that position of national economy (Nationalökonomie).

Lithograph stipple artists, lithograph crayon artists, lithograph engravers, transferers, lithograph pressmen, zinc or aluminum pressmen on rotary presses are all simply classed as lithographers without any distinction as to their specialty of work.

The minimum wages for them after they have served their apprenticeship (which lasts four years) is 18 marks per week all over Germany. There is a supplementary allowance from 1 to 5 marks, depending upon how a German town is rated for its expenses of living (Teuerungszulage). For example: The minimum wage in Nürnberg is 18 marks plus 1 mark—19 marks in all—as living is cheaper than in Berlin, where the minimum wages are 18 marks plus 6 marks—24 marks in all.

The average wages for a lithographer are about 30 marks per week. Some highly skilled lithographers earn as much as 45 marks per week.

The arrangement with foremen in the lithographic department varies. As a rule lithographic foremen are paid from 60 marks to 80 marks per week.

There is no standard in wages for foremen. You may judge yourselves, if I tell you, for instance, that Nister has a superintendent in the lithographic department whose name is Prof. Ludwig Kühn, a man who is practically a well-known portrait painter of a fairly great reputation for painting other subjects, too. Professor Kühn is not limited at all to any number of hours of working in the factory. He may come and go as it pleases him, and I believe he is paid about 8,000 marks a year simply for supervising the artistic part of lithography.

All over Germany the lithographers work eight hours a day; the printers nine hours a day.

Stone polishers, stone grinders or polishers, zinc or aluminum-plate polishers are not considered as skilled laborers. Therefore they are paid by special agreement varying in each town and often in each workshop.

The minimum wage for those is in Nürnberg 3.10 marks a day; that means 18.60 marks per week (girls get 1.70 marks a day in Nürnberg; that means 10.20 marks a week).

The social-democratic party issues every year a book showing the details of wages. The last information concerning lithographic work did appear in 1905 edition. The things have changed since.

If there will be another book issued this year showing anything about your trade, I shall be pleased to send you one, as you understand the German language.

If I can serve you with any more information or in any other way, please dispose of my service.

Yours, most respectfully,

GUSTAV HERRMANN.

P. S.—Nearly 90 per cent of the lithographers in Germany belong to an organized union. While serving four years' apprenticeship the apprentice may get a few marks a week as pocket money during the first year. That pocket money may rise to 8 or 10 marks per week during the third or fourth year. Nothing definite is settled about that. A smart, intelligent apprentice may earn at the finish 10 marks, whereas a less pushing fellow may not get 8 marks a week.

The original of this letter we have attached to this brief.

In connection with obtaining this information, we attach hereto a clipping from the Boston Daily Advertiser, November 30, 1908, which is dated Berlin, November 29, and explains the difficulty of obtaining from manufacturers in Germany the wages paid in that country. We, however, vouch entirely for Mr. Herrmann, and are confident that the information contained in his letter attached hereto is correct. This shows, as you will note, the average wages for lithographers to be about 30 marks per week, or \$7.13, whereas in our own establishment the average wages of sketch artists, lithographic artists drawing on stone, transferers, and printers is at least four times this amount. This letter of Mr. Herrmann's was sent to us in response to one we wrote him asking that he secure information as to the prevailing rates of wages in Germany.

It will also be seen by reference to Mr. Herrmann's letter that the apprentice serves four years; receiving, possibly, a few marks per week as pocket money during the first year and getting 8 to 10 marks, or \$1.90 to \$2.38, per week during the third or fourth year. Apprentices would get in this country as an average for the four years' service at least ten times this amount.

We also give below copy of letter received from Mr. Charles Hellmuth, dated New York City, July 27:

[Charles Hellmuth, lithographs, printing inks, and dry goods, New York office and factory, 154-158 West Eighteenth street.]

NEW YORK, July 27, 1908.

THE FORBES LITHOGRAPH MANUFACTURING COMPANY,
Boston, Mass.

GENTLEMEN: Referring to your favor of June 13, we have obtained the scale of wages and time of working in Germany, and submit same as follows:

BERLIN.

		Marks per month.
Lithograph stipple artist.....	8-hour day..	100-170
Lithograph crayon artist.....	do.....	100-170
Lithograph engraver.....	do.....	100-170
		Marks per week.
Transferers.....	9-hour day..	25-30
Transferers, first class.....	do.....	33-36
Pressmen.....	do.....	33
Pressmen on zinc or aluminum, rotary.....	do.....	36-40
Stone grinders and polishers of zinc or aluminum.....	do.....	16-18

STUTT GART.

		Marks per week.
Lithograph stipple artist.....	9-hour day..	14
Lithograph crayon artist.....	8-hour day..	30
Lithograph engraver.....	do.....	30
Transferers.....	9-hour day..	28
Stone polisher of aluminum or zinc.....	do.....	21
Pressmen on stone or zinc and aluminum, rotary.....	do.....	30

Nine hours appears to be the prevailing working time except for artists.

Hoping this information will be of use to you, we remain,

Yours, very truly,

CHARLES HELLMUTH.

This corroborates in all essential details Mr. Hermann's letter, referred to. Original letter is attached.

The German lithographer also has the advantage of cheaper rents and nearness to the source of supply for various raw material, such as lithographic stones (all of which come from Bavaria), colors, bronze, and metal leaf.

The German lithographer also has an important advantage owing to the facilities, supported by the various state and municipal governments, of technical and trade schools, which serve constantly to supply a large source from which to secure employees in the lithographic trade.

The statement was made at the hearing on November 21 that the printing presses abroad run 4,000 sheets of paper per day, as against 6,000 to 7,000 sheets of paper per day in the United States. This is not a fact at the present time. The foreign lithographers get practically the same product as a lithographer in this country. The American lithographer also has an important item of expense owing to the dampness of the atmosphere in this country, with which the German lithographer does not have to contend. The dampness causes variation in the paper from day to day while the work is in progress of printing, causing misregister of the colors, and is an item of large expense to the American lithographer by reason of the loss in product.

Whether a piece of paper imported is entirely covered by lithographic matter or part of same is blank makes practically no difference in the cost of production. Any statement made to the contrary is made with the full knowledge that it is misleading and intended to mislead the committee. A sheet of paper a certain size goes through the press, and whether it be covered in part or entirely with lithographic matter makes practically no difference as regards the cost of production, except the small additional cost of ink used.

In reply to the question of why Germans do not come to this country to secure the higher wages, would state that a large number of employees in American lithograph establishments are Germans. There would be a large increase in this number were it not for the fact that the alien labor contract law prevents any contract or promise of a position to be made while the laborer is abroad. The uncertainty of conditions here prevents many foreign workmen taking the chances of securing quick employment on their arrival. Also, the cost of living is much higher in this country, and it is to protect the American workman and to enable him to continue his present standard of living that it is necessary to have the increased rates of duty asked for, and which will amount to only the difference in cost of labor here and abroad plus a reasonable profit for the manufacturer.

WHO WOULD SUFFER BY AN INCREASE IN RATES?

At the hearing on the 21st of November the question was asked, "What effect would the increased rates asked for have on the American manufacturer who uses lithograph products?"

The matter of decalcomania transfers will be covered, we believe, by the tariff committee of the National Association of Employing Lithographers, and with the exception of decalcomania transfers practically all the lithographic material imported is used as pictures or post cards or as advertising material. Much the larger proportion imported is used for advertising purposes. The increase in rates asked for will have practically no effect on the cost of the material to the buyer of same. The number of establishments in this country engaged in the manufacture of lithographic prints (nearly 350), and all under separate and distinct management, will serve to prevent any undue raising of prices. The principal reason that there would be no material increase in cost to the user is that at present the foreign lithographer does not ship and invoice the material to the American purchaser direct, except in comparatively rare cases. Foreign lithographs are imported by the branch houses of foreign manufacturers maintained in this country, or importing houses dealing in this class of work almost entirely, and it is the foreign manufacturer or his branch house that now obtains the benefit—not the American user or buyer, for the foreign lithographs are sold to the American buyer at a price only slightly less than American lithographs. On account of the time necessary to get foreign goods, the American manufacturer imports but very little in the way of labels, wrappers, tickets, or other lithographed material entering directly into the manufacturing cost of his product.

THE MATTER OF CIGAR BANDS AND SMALL LABELS.

In re statement of Mr. John G. Duffy, appearing for Louis C. Wagner & Co., of New York, and Charles Stutz Company, of New York.

The matter of cigar bands, we think, will be taken up in detail by the tariff committee of the National Association of Employing Lithographers, and we, therefore, shall refer only to the small labels not exceeding 10 square inches, referred to in our brief filed with the committee on November 21. In our brief we asked for a duty on labels, flaps, bands, and small labels, as follows:

	Per pound.
Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material:	
Labels and flaps, exceeding 10 square inches, if printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	\$0.30
Small labels and bands, less than 10 square inches, printed in less than 8 colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	.60
Labels or flaps, exceeding 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	.40
Small labels and bands, less than 10 square inches, printed in 8 or more colors (bronze printing to be counted as 3 colors), but not including metal-leaf printing.....	.80
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	.50

	Per pound.
Lithographic labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material—Continued.	
Labels and flaps, exceeding 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	\$0.75
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and not over 5 additional printings.....	1.00
Small labels and bands, less than 10 square inches, printed in whole or in part in metal leaf and over 5 additional printings.....	1.50
For any embossed label, flap or band, add.....	.10

Mr. Duffy suggested a rate of 15 cents per pound for cigar bands printed in colors and bronze.

This would be wholly inadequate for the reason that the label or band is so small and so many are required to make the weight of 1 pound. The label we referred to in our brief, size 2½ by 4, would weigh, for 100,000, about 185 pounds, if printed on stock 22 by 28, 50 pounds, the heaviest paper used for the purpose of labels for perfumery and other articles. At the rate recommended by Mr. Duffy, 15 cents per pound, this would give a duty on 100,000 labels of \$27.75. One hundred thousand labels made in this country would cost, approximately, \$350. If made in Germany, the same label would cost laid down in New York, including freight and duty paid, not exceeding \$200.

Most of these labels, instead of being printed on paper basis 22 by 28, 50 pounds, are, however, printed on paper basis 22 by 28, 35 pounds to the ream of 500 sheets. This would make the weight of 100,000 labels about 130 pounds, and at 15 cents per pound the duty would be only \$19.50.

It is, therefore, absolutely essential in order to give the American lithographer a fair chance in the home market that rates not less than we have recommended shall be adopted.

RECIPROCITY.

We beg that no provision shall be made that will provide for reciprocity in lithograph products between the United States and any European country, for there is no opportunity of exporting to England, France, Italy, or Germany lithographic products in amount of any consequence.

SCHEDULE.

It was asked at the hearing of November 21 that in view of the many court decisions that had been secured as to the interpretation of section 400, as applied to lithographic prints, "Would it not be better, if Congress decided to increase the rate of tariff, to simply increase the rates provided in the Dingley law than to enact a lot of new provisions?"

In reply we beg to state that the schedule we have proposed is entirely on a specific basis, and the same is the case on the schedule submitted by the National Association of Employing Lithographers, and we believe that the provisions suggested are so clear that it will be unnecessary to resort to courts for interpretation.

LITHOGRAPHS CASED WITH OTHER PRODUCTS.

We again beg to urge the incorporation in the new tariff of the following clause as a section under this heading of "Lithographic imports:"

Lithographs cased with other products.—No box, case, or other package containing any importation to this country, not included in this paragraph, shall contain any lithographic print from stone, zinc, or aluminum, or other material, or other items or goods listed in this section.

The purpose of this is to prevent foreign importers or manufacturers from including 1, 2, 3, or other small number of show cards or other lithographed or advertising matter in the cases or packages containing the product they are sending to this country to sell. As foreign importations of certain goods amount in the aggregate to a large number of cases, the inclusion of show cards, lithographs, etc., in the case or package containing the commodity, not only is a source of loss to the lithographic industry of the United States, but also is a very large loss of revenue to the Government, and the above paragraph, if adopted, would cause the importer to bring his lithographed or other advertising matter into the country in separate cases, thus causing a duty to be levied on same, with a corresponding amount of revenue to the Government.

LEGEND.

We recommend that the following be incorporated into the new law:

Each and every label, band, wrapper, show card or other lithographic print from stone, zinc, aluminum or other material, shall bear on the face of same, printed in legible letters, in English, the legend "Printed in ———," the name of the country of origin to follow the words, "Printed in."

MAXIMUM AND MINIMUM.

Should the committee in its wisdom incorporate the principle of the "maximum and minimum tariff," we earnestly pray that the rates submitted in our brief of November 21, 1908, shall be adopted as the minimum rates, and that the maximum rates shall be 20 per cent in excess thereof on each and every item.

We attach hereto copy of our brief of November 21, also copy of the brief of the tariff committee of the National Association of Employing Lithographers, referred to.

Respectfully, yours,

THE FORBES LITHOGRAPH MANUFACTURING CO.
FRANK J. BLANEY.

EXHIBIT A.

NÜRNBERG, *June 30, 1908.*FORBES LITHOGRAPH MANUFACTURING COMPANY,
Boston.

GENTLEMEN: Your favor of the 13th instant to hand. I beg to say I tried with various firms here, like E. Nister, Mayer's Kunstanstalt, like the largest transfer picture manufacturer, C. A. Pocher, to get the informations you want.

I am very sorry to say every one of them refused to give such informations, although I am on friendly terms with them. All the German lithographic firms came to a mutual understanding, to inform nobody any more about the details of their business.

As I saw there was no use to push that side any more, I went to the headquarters of the Social-Democratic party here, trusting that the employees will give me the informations, which were refused by the employers. I am pleased to say that I can serve you with the following details received quite openly by the president of the Social-Democratic workmen's department for wages, who happens to have been a working lithographer himself, before he took that position of national economy (nationalökonomie).

Lithograph stipple artists, lithograph crayon artists, lithograph engravers, transferers, lithographic pressmen, zinc or aluminum pressmen on rotary presses, are all simply classed as lithographers without any distinction as to their speciality of work.

The minimum wages for them after they have served their apprenticeship, which lasts four years, is 18 marks (\$4.28) per week, all over Germany.

There is a supplementary allowance from 1 mark (24 cents) to 5 marks (\$1.19), depending how a German town is rated for her expenses of living (Teuerungszulage). For example: The minimum wage in Nürnberg is 18 marks (\$4.28), plus 1 mark (24 cents), 19 marks (\$4.52) in all, as living is cheaper than in Berlin, where the minimum wages are 18 marks (\$4.28), plus 6 marks (\$1.44), 24 marks (\$5.71) in all.

The average wages for a lithographer are about 30 marks (\$7.14) per week. Some highly skilled lithographers earn as much as 45 marks (\$10.71) per week.

The arrangement with foremen in the lithographic department varies. As a rule lithographic foremen are paid from 60 marks (\$14.28) to 80 marks (\$19.04) per week.

There is no standard in wages for foremen. You may judge yourselves if I tell you, for instance, that Nister has a superintendent (you may call him perhaps a foreman) in the lithographic department, whose name is Prof. Ludwig Kühn, a man who is practically a well-known portrait painter of a fairly great reputation for painting other subjects, too. Professor Kühn is not limited at all to any number of hours of working in the factory. He may come and go as it pleases him and I believe he is paid about 8,000 marks (\$1,904) a year simply for supervising the artistic part of lithography.

All over Germany the lithographers work eight hours a day; the printers, nine hours a day.

Stone polishers, stone grinders or polishers, zinc or aluminium plate polishers are not considered as skilled laborers. Therefore they ar

paid by special agreement, varying in each town and often in each workshop.

The minimum wage for those is in Nürnberg 3.10 marks a day. That means 18.60 marks per week. Girls get 1.70 marks a day in Nürnberg; that means 10.20 marks a week.

The Social-Democratic party issues every year a book showing the details of wages. The last information concerning lithographic work did appear in 1905 edition. The things have changed since.

If there will be another book issued this year showing anything about your trade, I shall be pleased to send you one, as you understand the German language.

If I can serve you with any more information or in any other way, please dispose of my service.

Yours, most respectfully,

GUSTAV HERRMANN.

P. S.—Nearly 90 per cent of the lithographers in Germany belong to an organized union.

While serving four years apprenticeship, the apprentice may get a few marks a week as pocket money during the first year. That pocket money may rise to 8 or 10 marks (\$1.90 or \$2.38) per week during the third or fourth year. Nothing definite is settled about that. A smart, intelligent apprentice may earn at the finish 10 marks (\$2.38), whereas a less pushing fellow may not get 8 marks (\$1.90) a week.

EXHIBIT B.

NEW YORK, July 27, 1908.

The FORBES LITHOGRAPHING
MANUFACTURING COMPANY,
Boston, Mass.

GENTLEMEN: Referring to your favor of June 13, addressed to Doctor Stickel, we have obtained the scale of wages and time of working in Germany, and submit same as follows:

BERLIN.

Litho stipple artist, 100 to 170 marks per month, 8-hour day.
Litho crayon artist, 100 to 170 marks per month, 8-hour day.
Litho engraver, 100 to 170 marks per month, 8-hour day.
Transferrers, 25 to 30 marks per week, 9-hour day.
Transferrers, first class, 33 to 36 marks per week, 9-hour day.
Pressmen, 33 marks per week, 9-hour day.
Pressmen on zinc or aluminum, rotary, 36 to 40 marks per week, 9-hour day.
Stone grinders and polishers of zinc or aluminum, 16 to 18 marks per week, 9-hour day.

STUTTGART.

Litho stipple artist, 14 marks per week, 9-hour day.
Litho crayon artist, 30 marks per week, 8-hour day.
Litho engraver, 30 marks per week, 8-hour day.
Transferrer, 28 marks per week, 9-hour day.
Stone polisher of aluminum or zinc, 21 marks per week, 9-hour day.
Pressmen on stone or zinc and aluminum, rotary, 30 marks per week, 9-hour day.
Nine hours appear to be the prevailing working time except for artists.

Hoping this information will be of use to you, we remain,

Yours, very truly,

CHARLES HELLMUTH.
Per N.

PAPER NOVELTIES.

**THE PAPER NOVELTY MANUFACTURING CO., NEW YORK CITY,
ASKS A COMPOUND DUTY ON ITS PRODUCTS.**New York, *November 19, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We beg to file with you our brief regarding the tariff on paper decorations and paper novelties.

The products involved are paper decorations and paper novelties. These are at present classed under paragraph 407 Schedule M, as all other paper not specially provided for in this act and are at present subject to a duty of 35 per cent ad valorem.

We respectfully recommend that these articles henceforth be specially classified as paper decorations and paper novelties and that they henceforth be subject to a specific duty of 6 cents per pound and 25 per cent ad valorem. In view of this we recommend that the following paragraph be inserted into the new tariff law "On all paper decorations and paper novelties a specific duty of 6 cents per pound and 25 per cent ad valorem."

REASONS.

Letter A from S. H. Knox & Co., of Buffalo, N. Y., of the 5 and 10 cent syndicate, having eighty-odd stores, gives some idea of the quantity of this line of goods used by such a concern. This order would (including a proportionate amount of 10-cent bells) have amounted to upward of \$15,000; this entirely without any other form of paper novelties other than the red tissue bell. This concern also sells green paper bells, paper garlands and wreaths, and a conservative estimate of their complete order in paper novelties would be \$20,000.

F. W. Woolworth & Co., of New York, have 200 stores, and figures proportionately they would use \$47,059 worth of these goods annually. S. H. Kress & Co., of New York, and F. M. Kirby & Co., of Wilkes-Barre, Pa., each have 85 stores, and would use approximately \$20,000 worth. J. G. McCrorey & Co., of New York, have 65 stores, and would use probably \$15,000 worth annually. Then there are E. P. Charlton, of Fall River, Mass., with 32 stores; S. S. Kreage, of Detroit, Mich., with 19 stores; and several other syndicates with 10 and 15 stores, who would use proportionate amounts.

Then there are Sibley, Lindsay & Curr Company, of Rochester, N. Y., and Butler Brothers, of New York City, George Borgfield & Co., of New York, Stroebel & Wilkin Company, of New York, and several others throughout the country who use from \$5,000 to \$20,000 worth of goods in this line annually. Then, there are hundreds of stores who use from \$500 to \$3,000 worth of these goods throughout the year. At present fully 85 per cent of the business in this line goes to foreign manufacturers.

Again, calling your attention to letter "A." In reply we wrote that we would have special dies made for any size that might be desired.

Now, calling your attention to letter "B." The 5-inch bell referred to is shown by sample No. 1. The cost was 62½ cents per

gross to produce. We submitted bell No. 2 as one for 60 cents per gross, but it was too small. The 7-inch bell referred to was represented by No. 3, and cost was \$1.04½ per gross to produce. Letter No. 3 represents the regrets of Messrs. S. H. Knox & Co., and when Mr. Connable was seen by one of our representatives on the occasion of his next visit to New York he informed him that the only reason for his placing the order with an import house was because of our inability to compete in the smaller sizes of bells, in which he did his largest business.

Letter No. 4 from Messrs. Sibley, Lindsay & Curr Company, of Rochester, N. Y., shows plainly the inability of the domestic manufacturer to compete with foreign manufacture of the goods. We are using machinery identical to that used in the manufacture of the foreign article, having imported our original machines from Europe.

The differences in costs, as shown by the example cited below, must therefore be accounted for in the difference between wage scales of the different countries as compared with those existing in the United States.

Bell No. 4 is an imported bell. These would cost us 27 cents per gross to produce. These bells are sold to the jobber by the importer at 30 cents per gross. The importer sells these goods at a profit of 10 per cent. This 30 cents then represents the 100 per cent of cost (duty paid) and the 10 per cent profit. The cost (duty paid), therefore is 27½ cents per gross. This 27½ cents now represents the 100 per cent billed to the importer and the 35 per cent duty; the cost as billed to the importer is, therefore, 20½ cents.

In this class of goods a manufacturer can not possibly sell at less than 20 per cent profit, as he must figure his running expenses into the goods and also allow for wear and tear on the machinery and breakage of dies. Granting that the foreign manufacturer makes in this instance the minimum profit, this 20½ cents now represents the 100 per cent of importer's cost and this 20 per cent profit. The manufacturer's cost price is therefore practically 17 cents per gross: as previously stated, it would cost us 27 cents per gross to produce this bell. We have then a difference of 10 cents per gross. These goods weigh 12 ounces to the gross. The specific duty at 6 cents per pound would equal 4½ cents. The 25 per cent ad valorem duty would equal 4½ cents. Adding the two we have 8½ cents, leaving a difference of only 4½ cents in the cost of production of the foreign article and that of the American.

Bell No. 5 represents a bell of foreign manufacture, which is sold by the importer to the jobber at 60 cents per gross, whereas the same size costs us to produce 58 cents per gross. Again, figuring off the 10 per cent importer's profit, the 33 per cent duty, and once more allowing that the foreign manufacturer makes the minimum profit, we find the cost of the production of the foreign article to be 34½ cents. This article weighs 42 ounces to the gross. The specific duty at 6 cents per pound would be 17 cents. Twenty-five per cent ad valorem would be 8½ cents. Added, would be 25½ cents. Added to the cost price of the foreign production would bring it practically to 60 cents, or about 2 cents higher than the cost of production of our article.

In the case of the fan, sample No. 6. These are sold by the importer to the jobber at 65 cents per gross. Our cost is 63½ cents per gross.

Again, figuring off the 10 per cent, the 35 per cent, and 20 per cent, we find the manufacturer's cost of the foreign article to be $36\frac{1}{2}$ cents. The weight per gross is 3 pounds. The specific duty at 6 cents per pound equals 18 cents. Twenty-five per cent ad valorem equals $9\frac{1}{2}$ cents. Added, equals $27\frac{1}{2}$ cents; plus the manufacturer's cost of $36\frac{1}{2}$ cents brings it to $63\frac{1}{2}$ cents, or one-eighth of a cent higher than our cost of production.

Practically the same ratio of comparative costs of production exist throughout the entire line.

It can be seen, therefore, that a specific duty of 6 cents and a duty of 25 per cent ad valorem about equalizes the cost of foreign and domestic production.

Although it is impossible to get at the exact wage scale existing in foreign countries in this line, it can be seen from the fact that although we are using the same machines as that used in the manufacture of the foreign article, the difference must be caused by the difference of wages.

This brings our petition strictly within the lines of the Republican party platform in that part of the tariff plank which says that a sufficient duty will be levied on imported articles so as to equalize the wage scale.

This industry is one comparatively young in this country, and it is one in which the field is enormous. Were sufficient duty levied upon the article so as to enable the domestic manufacturer to compete with the foreign manufacturer of the goods it is one which would assume large proportions in a few years.

The reason a specific duty and ad valorem duty is asked for in preference to the ad valorem duty is that 6 cents per pound will account for the difference in cost between materials. Six cents per pound and 15 per cent ad valorem is the duty at present levied on tissue papers in reams. The 25 per cent ad valorem allows the domestic manufacturer a fair working margin to account for his manufacturing expenses, such as rent, cost of gas, steam, or electric power, wear and tear on machinery, breakage of dies, etc.

We trust that coming as we do strictly within the lines upon which the tariff is to be revised, our application will be regarded favorably.

Very respectfully,

PAPER NOVELTY MANUFACTURING CO.

EXHIBIT A.

BUFFALO, N. Y., May 28, 1908.

PAPER NOVELTY MANUFACTURING COMPANY,

New York, N. Y.

GENTLEMEN: In regard to the Christmas-bell business, there are some novelties in the way of paper stars that we can only get on import, and we do not want sufficient quantities to make individual shipments. Also extra inducements were tendered us to get the order on bells. Both of these matters influenced us to place the order elsewhere.

The writer regrets very much to have put you to so much trouble, but assure you that the quotations are strictly confidential, and I

appreciate your disposition to meet our wishes in every way, and trust we may be able to give you some business possibly in this line out of stock through the fall, if not in some other line, that will reimburse you in a way for the time spent with us.

Yours, truly,

S. H. KNOX & Co.,
Per RALPH CONNABLE, Jr.

EXHIBIT B.

BUFFALO, N. Y., *April 4, 1908.*

PAPER NOVELTY MANUFACTURING COMPANY,
New York, N. Y.

GENTLEMEN: Yours of the 2d at hand, and in reply will say after going over our figures we find that the quantity that we could give you of the small paper bells is not very heavy. We could use probably 5,000 gross to sell at 6 for 5 cents; 1,200 gross to sell at 2 for 5 cents; 1,200 gross to sell at 5 cents; all red, heavy paper. The sizes you submit are not right for these selling prices as to still give us a good margin. The bells that we use should cost us not far from 60 cents, \$2, and \$4 per gross.

We doubt whether this quantity would warrant you in getting up special dies that you could offer us at about these prices.

Yours, truly,

S. H. KNOX & Co.,
Per CONNABLE.

EXHIBIT C.

BUFFALO, N. Y., *April 10, 1908.*

PAPER NOVELTY MANUFACTURING Co.,
New York, N. Y.

GENTLEMEN: The writer was in New York this week, but did not have time to stop in and see you. We therefore reply to yours of the 7th and will say the 5-inch bell would be all right, except price, and would not sell it at 6 for 5 cents. You should have something in this to cost not over 60 cents per gross. The next size, 3 for 5 cents, your 7-inch bell would do if it did not cost us over \$1. You did not quote us on this in your letter of April 7, so do not know what your price is.

Your 9-inch would answer very well for the 2 for 5 cents bell, and your 12-inch possibly for the 5-cent bell, if you would give us 8 more layers of paper. The meshes should be glued a trifle closer together.

Now this gives you an idea of what we want. Please advise us what you can do in the matter.

Yours, truly,

S. H. KNOX & Co.,
Per CONNABLE.

PERFORATED LABELS.

**THE ARTHUR C. HARRIS COMPANY, NEW YORK CITY, ASKS FOR
MAINTENANCE OF PRESENT DUTIES ON PERFORATED LABELS.**

NEW YORK CITY, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We wish to lay before you the facts concerning an industry which, while not of national importance in itself, is nevertheless well calculated to represent certain phases of the tariff question.

We are practically the sole manufacturers in this country of perforated silver tickets used in the put-up of fine cotton cloths. We are facing a keen competition from England and Germany, where the hand labor, which is a large factor of cost, can be had at about one-third of the American standard wages. When you consider that the raw material, i. e., silver-laid paper, has to be imported, you will readily appreciate that an average duty of 40 per cent on practically labor which is 66½ per cent cheaper than ours is not prohibitory to the foreigner.

The main argument which is left us is quicker deliveries and more careful attention to orders than the foreigner can give.

To sum up, as it affects perforated work on silver or other metal papers, the tariff ought to be maintained at least on the finished product, while the duty on metal-covered papers might be lowered.

Very truly yours,

ARTHUR C. HARRIS COMPANY,
ARTHUR C. HARRIS, *President.*

PHOTO-GELATIN PAPER.

**THE CAMPBELL ART COMPANY, ELIZABETH, N. J., SUBMITS
SUPPLEMENTAL BRIEF ON PHOTO-GELATIN PRESS.**

ELIZABETH, N. J., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We ask that the products of the photo-gelatin press be classified in the tariff schedules separately from other "printed matter," excepting photogravures, as both the process and the products differ entirely from other printed matter, and at present are not mentioned at all in the tariff. We ask that the duty on imports of photo-gelatin and photogravure work, which are similar in character, be made not less than 60 per cent ad valorem, for the reasons stated below and in our original brief.

Strictly speaking, the photo-gelatin process is a fine art, and the work turned out by it is a luxury. The process is very slow—500 sheets a day for one press, as against 3,000 to 5,000 from a type or lithographic press. The cost of the work, especially as a finer grade of paper must be used, is correspondingly large. This narrows our business down to art pictures (samples of which are hereto attached)

and to the highest grade of commercial work, such as book inserts, postcards, expensive calendars, and the like. There is not enough art business to keep the photo-gelatin concerns going, and the commercial work, on which our very existence depends, is going elsewhere, chiefly to Germany, but also to France, Austria, and England. If individuals or publishers want book illustrations, fine catalogues, art reproductions, or high-grade postcards, they order them chiefly from abroad, unless they are in a hurry for the delivery. For more than thirty years this dainty and beautiful process has struggled along in this country without making money for anybody. One after another of those engaged in it have sunk their capital, and those remaining in it are obliged to rely on accessory lines of business in order to keep their plants running.

Abroad it is entirely different. In Germany huge factories operating 20 or more power presses each, are running from ten to fourteen hours a day and thousands of people are employed and a large fraction of the output is marketed in the United States, coming in as "printed matter," at 25 per cent, if it does not come in under the head of lithographs, etc., at a still lower duty. Here it is not considered important enough to be mentioned in the tariff, but we can assure you, gentlemen, that it is a vastly important matter to the eight or ten concerns who have invested between two and three million dollars in the business, and we trust we are not so small as to escape notice altogether in the adjustment of the tariff. We ask for at least 60 per cent ad valorem on photogelatin and photogravure prints and cards, and this could scarcely be called an advance of the present duty because photogelatin and photogravure work has not been classified at all. It would be putting us, rather late to be sure, where we belong, namely, in a position to compete successfully with foreigners who pay about one-third as much for a longer day's work, and one-half as much for materials as we are obliged to. The exports of photogelatin work from this country in 1907 were practically nothing, probably less than \$10,000, and consisted almost entirely of reproductions of copyrighted pictures protected under the international copyright law. The imports for that year (1907) were \$350,000 at the port of New York alone. It is conservatively estimated that \$150,000 more came in at Boston, Philadelphia, and other ports of entry, making \$500,000 worth of photogelatin imports alone without counting gravures, which also came in as "printed matter" on a 25 per cent duty. Five hundred thousand of these recently came from England on one consignment, to be framed and sold in competition with our own products.

Since submitting our original brief we have carefully investigated the output from the eight largest photo-gelatin concerns and find it to have been less than \$1,000,000 for 1907, whereas the entire importation of photo-gelatin and photogravure work at all ports of entry would run up well toward that sum. In the largest single item, post cards, all of which should have been made here, we have been put out of business. The plain cards, which are laid down in New York, duty and commission paid, at from \$2 to \$4 per thousand, cost nearly double that to manufacture here; and the colored cards, which are quoted at from \$4 to \$5 per thousand, are a still more difficult proposition. (Attached are prices quoted by dealers to substantiate the above.)

Properly protected there is no reason why the photo-gelatin process should not flourish here as well as abroad and become an important commercial factor. It is probable that an increased demand for the presses would bring about their being built here and thus create a new industry.

The question of encouraging and keeping alive the photo-gelatin process is one that means more than the mere welfare of those who are engaged in it. The process itself is invaluable for the fine reproduction of art pictures, drawings, or natural objects. It is called for by the United States Geological Survey, the National Academy of Sciences, the Bureau of Ethnology, the United States Fish Commission, the Bureau of Forestry, Smithsonian Institution, Carnegie Institute, and others. (Samples along these lines are hereto attached as evidence both of the quality and practical usefulness of the work.)

We do not expect or ask for a monopoly of the market for our products. We realize that the Government is largely supported by the duties imposed on importations, and we are willing to stand our share of the burden, but a 60 per cent duty would by no means be prohibitive, and if imports fell off one-half, which is extremely improbable, the government revenues would be greater than they are to-day with a 25 per cent duty, and the other half of the business would be the salvation of those who in thirty years have never asked for help or protection, but who sorely need it now.

CAMPBELL ART COMPANY,
ARTHUR F. RICE, *Vice-President.*

EXHIBIT A.

NEW YORK, *November 18, 1908.*

The CAMPBELL ART COMPANY, *City.*

GENTLEMEN: In reply to your inquiry of the 17th, we are sending you, under separate cover, samples of our plain photo-gelatin cards and offer you same in lots of 25,000; that is, 1,000 each of 25 subjects, at \$3.25 per 1,000. The same cards in hand painted would cost \$5 per thousand extra.

We are also inclosing you some samples of the hand-painted cards, and should be pleased to soon hear from you again.

We have a cheaper hand-colored card which we offer at \$7.50 per thousand, and if you want to see samples kindly let us hear from you.

Our terms are 2 per cent ten days, or thirty days net, after receipt of goods.

Hoping to soon hear from you, we remain,

Yours, very truly,

LAESSIG & Co.
Per W. E. GERNAN.

EXHIBIT B.

NEW YORK, *November 18, 1908.*CAMPBELL ART COMPANY,
New York, N. Y.

DEAR SIR: Replying to your favor of the 17th instant, will say that we can make delivery of black and white gelatin cards in eight weeks after receipt of photos. Advance samples are generally received after five or six weeks, and the goods arrive two weeks later. If 25 subjects are ordered at one time, we can quote you \$3.10 per 1,000, and the same card hand-colored style, best quality, at \$5.75 per 1,000 f. o. b. New York, 2 per cent ten days, or thirty days net.

We also print 500 of a subject in these two styles if necessary, but of course the prices are, in proportion to the larger quantity, much higher.

We inclose you herewith a few samples of our works, and, hoping that you will favor us with your esteemed commands, we remain,

Very truly, yours,

NEWFIELD & NEWFIELD.

P. S.—If you desire to buy in marks at the factory, you do pay all charges from either Berlin or Frankfort to this port. You can save about 5 per cent on the above quoted prices, but this would only pay you if you get shipments of not less than 50 mille at a time.

PHOTOGRAPHIC SUPPLIES.

THE EASTMAN KODAK COMPANY URGES RETENTION OF PRESENT DUTY ON PHOTOGRAPHIC FILMS, CAMERAS, AND PLATES.

ROCHESTER, N. Y., *November 30, 1908.*

The Eastman Kodak Company, of Rochester, N. Y., respectfully urges that the import duty on photographic papers and photographic films and cameras should not be reduced, for the following reasons:

1. The duty on the finished product should be retained, because the company pays duty on enormous quantities of the raw material which it uses and which it is obliged to import from foreign countries, which duty is as great, and in some cases greater, than the import duty upon the finished product.

This company manufactures sensitized photographic papers, photographic films, photographic dry plates, photographic cameras (kodaks), and various other photographic supplies.

In manufacturing it uses, among other things, photographic gelatin, raw photographic paper, raw baryta-coated paper, and glass for photographic plates, in large quantities.

It is obliged to import all of the above materials from foreign countries, either for the reason that the same is not manufactured in this country or because there is none manufactured in this country which is suitable for its use.

Upon these imports it pays under the present tariff the following rates:

Photographic gelatin 15 cents per pound and 20 per cent ad valorem (par. 23).

Raw photographic paper for sensitizing or baryta coating, 3 cents per pound and 10 per cent ad valorem (par. 398).

Baryta-coated paper for sensitizing, 30 per cent ad valorem (par. 398).

Glass for photographic plates, from 1½ cents to 2½ cents per pound, depending upon size of sheets (par. 101).

The duty on photographic film and photographic plates is 25 per cent ad valorem (par. 458).

The duty on sensitized photographic paper is 30 per cent ad valorem (par. 398).

The duty on cameras is 45 per cent ad valorem (par. 111).

It is plain, therefore, that as the company is obliged to purchase the raw materials above mentioned from foreign countries and pay a duty thereon of 30 per cent or more, the duty on the finished product, viz, films, sensitized photographic paper and photographic plates, should not be reduced.

2. The duty on photographic films and photographic sensitized paper should not be reduced, because such reduction would directly tend to drive the business away from the United States to England, Germany, and France, in which countries competing films, sensitized papers and photographic plates are now manufactured.

It is estimated that over 6,000 wage-earners are employed in the United States in the manufacture of photographic goods.

The average wages paid to employees in the factory of this company at Rochester, N. Y., where the films, papers, and plates above referred to, are manufactured, are as follows:

	Per week.
Girls and women.....	\$8. 00 to \$11. 00
Boys.....	8. 00 to 10. 00
Men (average).....	14. 00

The wages paid for similar services in a corresponding photographic factory, located at Harrow, England, a few miles from London, are as follows:

	Per week.
Girls and women.....	\$3. 00 to \$4. 00
Boys.....	2. 50 to 3. 00
Men.....	6. 00 to 7. 00

The above figures show that this company is paying in a similar factory in the United States more than three times as much to the boys, and more than two and one-half times as much to the girls, and more than twice as much to the men, as is paid in the English factory.

(The reason that in England the girls are paid more than the boys is that boys are employed at a younger age than girls.)

Even at the present rate of duty on the finished product, English and French films are imported into and sold in this country in competition with American film.

The main reason why they are able to do this is that they pay so much less for labor.

Should the present duty be decreased, foreign manufacturers could place their film on the market in this country at a less cost than that at which our goods can be manufactured, by reason of the smaller

wages paid by foreign manufacturers in the manufacture of the film and the advantage which they have in not being compelled to pay duty on raw materials. The result would necessarily be a large reduction in the total amount of goods manufactured in this country and the discharge from our factories of a corresponding number of employees.

We could not retain such employees, not only because we would not have work for them to do but because they would not stay at the necessarily reduced wages.

Notwithstanding the fact that wages paid in our factory have increased, the price of films is less than it was when first introduced, about January 1, 1890, the prices of sensitized plates and paper have steadily decreased, and the price of cameras has shown a still larger decrease, although the prices we are obliged to pay for the raw materials have increased very greatly.

Until Congress has the right to fix the rate of wages which are to be paid it should not decrease the present duty on films and sensitized papers, and thus deliberately drive a large volume of trade from this country to foreign countries.

3. Film photography was first made practicable for general use in this country.

Amateur photography was practically unknown until, by the inventive genius and business ability of American inventors and manufacturers, the taking, developing, and printing of pictures became so simple and so cheap that children could take accurate and beautiful pictures and people of moderate means could afford to use the camera.

The products of this inventive genius and business ability have been of incalculable value to science, to newspapers and periodicals, and to very many other different kinds of business, and have been a means of education and a source of enjoyment to millions of people in this country, and thousands of men and women have been given employment at good wages.

Foreign manufacturers have followed in the wake of American inventors and manufacturers and have attempted to profit by the processes and inventions which were discovered and first introduced here.

Every film camera and every photographic film made in foreign countries is an imitation of, or an attempted imitation of, cameras and films made in this country.

It would be unfair for Congress to reduce the duty on the finished product, and thus deliberately offer aid and inducement to foreign manufacturers to land their goods on our shores and to compete on an equal footing with American manufacturers, after such foreign manufacturers have succeeded in making a competing article by imitating as far as possible our processes and pirating our inventions and discoveries.

In conclusion, we also call attention to the fact that it is estimated that upward of 60 per cent of goods of our manufacture is used by amateurs, and that such goods are luxuries as distinguished from necessities. Under the well-recognized policy of this Government luxuries are made subject to an import duty when revenue is to be raised and American industries are to be protected against foreign cheap-labor competition.

For the above reasons we respectfully submit that if any change is made in the duty on imported photographic films, sensitized photographic papers, sensitized photographic plates, and cameras, the rate should be increased rather than diminished, and that it certainly should not be decreased.

EASTMAN KODAK COMPANY,
By GEORGE EASTMAN,
Treasurer and General Manager.

PRINT PAPER.

ARTHUR C. HASTINGS, NEW YORK CITY, FILES SUPPLEMENTAL STATEMENT RELATIVE TO PRINT PAPER.

New York, December 3, 1908.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I am glad to be able to take advantage of your kind request for information from the manufacturers' standpoint as to what the effect would be on the paper manufacturers by the removal of the duty of \$6 per ton on printing paper; also the answer to the request of Mr. Underwood at the proceedings on November 21, evening session; also the request of Mr. Gaines as to the increased cost of a single paper of certain size and weight. I will make each of these calculations and attach hereto. The actual cost conditions in other countries than our own make it necessary that the present duty be retained if the paper manufacturers in the news or wood papers, or so-called wood papers, are to continue in business. I believe that there has been enough testimony before your committee and the select committee of Congress to prove that there has been no adequate return on the capital invested in the paper-manufacturing business in the last twenty-five years, and that the reduction of the duty would mean in a very short time the actual extinction of the average United States paper mills making so-called wood papers.

On behalf of the association I desire to thank you and all the members of the committee for the very courteous treatment they extended to us and the time given the members of the association when in Washington.

Yours, respectfully,

ARTHUR C. HASTINGS,
President.

EXHIBIT A.

New York, December 3, 1908.

MEMORANDUM OF COMPARATIVE COST OF NEWS PAPER AS COMPARED WITH OTHER COUNTRIES.

The figures which are used in this compilation are gathered from reports made by the Department of Commerce and Labor from payroll sheets of the International Paper Company, and would be more

correct probably than any figures, coming from an individual mill. Based upon these figures, the rates as to the cost of labor for a ton of finished paper is, in the United States, about \$8; in Canada, \$5.46; Norway and Sweden, \$2.22; Germany, \$2.48; Austria, \$2.09; so that the difference in cost of manufacture in wages alone for all the countries named, except Canada, is nearly the amount of duty, or \$6 a ton. Taking the lower cost of material used in a paper mill which a United States manufacturer has to pay the difference of coming from these countries, their cost of production is more than \$6 a ton less than ours. As to the Canadian duty, which is \$2.54 a ton on labor alone, there should be added the saving made in manufacture in Canada over the United States mill through their cheaper supply of wood, due to the fact that the actual labor in the woods is cheaper there than in the United States and the fact that many of the mills have the wood delivered to them from the river without any freight. These two items alone, labor and wood, would practically make up the difference in the cost amounting to the present tariff. The matter of cost has been gone into so exhaustively by your committee and the select committee of Congress that this information could be gotten in detail much more readily than I could give it to you.

When the manufacturers of paper in this country do not have enough business to keep their mills fully supplied with orders, prices naturally go down. When there is more than enough business to keep them supplied the prices naturally go up, and foreign paper comes in, as the foreigner can export to this country profitably at any time, pay the duty, and leave him a profit. In Germany they can export their surplus at an actual manufacturing loss and keep their prices up in the home market. If the duty were removed it can be readily seen what the outcome would be.

Yours, respectfully,

ARTHUR C. HASTINGS, *President.*

EXHIBIT B.

NEW YORK, *December 3, 1908.*

MEMORANDUM OF SAVING IF DUTY WERE REMOVED AND THE SAVING ACCRUED TO THE PURCHASER.

While I do not admit that the removal of the duty on news paper would result in a saving to the publishers of the duty collected, supposing for the sake of argument that it did, an eight-page paper of the Staats Zeitung size, of New York City, of the date of December 3, 1908, as an example, 1,000 copies would weigh 120 pounds. At 2½ cents per pound, the cost would be \$2.70, or the cost per single copy of 2½ mills. The present duty, amounting to \$6 per ton, would amount on 1,000 copies to 36 cents, or on a single copy to thirty-six one hundredths of a mill. It takes 8 papers to weigh 1 pound. On the average rural newspapers using a sheet of paper 30 inches by 44 inches, weighing 100 pounds to 1,000 sheets, having a weekly circulation of, say, 1,000 copies or 52,000 copies in a year, the saving would

be, if the price were 2½ cents per pound, \$15.60, or on a single copy three-tenths of a mill. It would take 10 papers of this size to weigh 1 pound.

ARTHUR C. HASTINGS.

ROOFING FELTS AND WOOLEN RAGS.

THE VOLNEY PAPER COMPANY, FULTON, N. Y., ASKS RETENTION OF PRESENT DUTY ON ROOFING FELTS.

FULTON, N. Y., *November 17, 1908.*

Hon. SERENO E. PAYNE, *Chairman,*
AND MEMBERS OF THE WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We submit herewith a sample of paper used by manufacturers of ready-made roofings. It is called "roofing" or "saturating felt." When saturated with asphalt or tar, it is made into roofings. This paper is made from satinet garments, cotton and woollen rags.

There are 25 mills in the United States engaged in the manufacture of felt papers of various grades who employ about 2,600 men. The daily capacity of these mills is approximately 650 tons, or 200,000 tons per year.

In the manufacture of this paper 250,000 tons of rags of various grades are used. The average cost of the rags is approximately \$20 per ton. The total consumption of rags is valued at, say, \$5,000,000.

We are advised by a collector of customs that the import duty on this class of paper is 10 per cent ad valorem, and because of the difference in the price of labor in the United States and that of foreign countries we respectfully request that this small import duty be retained.

FOREIGN RAGS.

During the year 1907 there were imported into the United States, duty free, 80,000 tons of cotton rags. Of this amount perhaps 35,000 tons were used in the manufacture of roofing felts, which would indicate that 215,000 tons of this low grade of rags were gathered in the United States.

During the past two years new uses have been found for this low grade of rags. Shoddy mills are now using them. They are put through a picker and used in the manufacture of cheap mattresses, horse collars, and for stuffing toys. This reduces the amount of stock available for saturating felts.

To make soft saturating felts it requires rags containing a percentage of wool. One hundred pounds of soft saturating felt must absorb 160 pounds of tar.

If rags containing some wool and costing not to exceed 1½ cents per pound were admitted duty free, it would enable the felt-paper manufacturers to secure the low grade of satinets, which are necessary. The old satinet garments contain a small percentage of wool and produce better saturating paper. This will be an advantage to consumers without increasing the cost of the roofing.

We therefore ask that rags containing a small percentage of wool and costing not to exceed $1\frac{1}{2}$ cents per pound be admitted duty free.

We trust that you will give these facts your careful consideration and if possible grant our requests.

Yours, very truly,

VOLNEY PAPER COMPANY,
G. G. CHAUNCEY, *Secretary*.

STRAWBOARD.

THE CALIFORNIA PAPER AND BOARD MILLS, SAN FRANCISCO, ASK FOR A HIGHER DUTY ON STRAWBOARD.

SAN FRANCISCO, CAL., November 20, 1908.

Hon. J. C. NEEDHAM, M. C.,
Washington, D. C.

MY DEAR MR. NEEDHAM:

* * * * *

We are the only company left on this coast manufacturing strawboards, all the others having gone to the wall. We have been forced through foreign competition on strawboard to almost abandon the production of that important article.

This board is made from straw produced by the farmer and with the use of lime and other products manufactured on this coast. The market is now being supplied with strawboard from Japan, Germany, and Holland.

The lowest labor that we have in our employ is \$1.75 per day, and this varies up to \$5 per day. Our last figures on the cost of production show that it costs us \$27.88 to produce a ton.

The receiver of the United Boxboard Company, which failed in the East recently, in his printed report shows that it cost them East about \$26. No doubt the difference being in slightly reduced common labor.

A wholesale paper house here has lately contracted for 500 tons of strawboard from Holland at \$28.50 per ton delivered in this city, duty and freight paid.

As the raw material costs them very near as much as it does us, you will see the difference is almost entirely in the cost of labor. Deducting freight and the present tariff, they only receive about \$16 for their boards at the mill, whereas it costs us at least \$10 more per ton to produce the same board at our mill, which difference is represented in the increased wages we pay our help.

Under the circumstances, not only should the duty not be reduced on strawboard, but, in order to keep this industry from entirely ceasing, it should be increased.

If this were done we would be able to use more raw material produced by the farmer and other products of the producer in this State, keep our present help at their present wages, and our money on this coast, instead of sending it abroad.

I am writing to you personally because of my old acquaintance with you, and also because this company is the only one on this coast

engaged in this form of business, and it was impossible to join with any other interests in presenting the matter.

Japanese strawboard is selling in this market, duty and freight paid, for \$28 to \$30 per ton, according to sizes.

Thanking you in advance for any attention that you may give this request, and hoping to hear favorably from you in regard to it, I am,

Very truly, yours,

M. R. HIGGINS, *President.*

SWEDISH KRAFT PAPERS.

THE HUBBS & CORNING COMPANY, BALTIMORE, MD., SUBMITS BRIEF RELATIVE TO KRAFT AND GREASE-PROOF PAPERS.

BALTIMORE, MD., *December 3, 1908.*

Hon. SERENO E. PAYNE.

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: Having listened with much interest to the proceedings of Saturday, November 21, 1908, before your honorable committee on Schedule M, pulp, paper, and books, I wish to submit some facts for your consideration on the so-called Swedish kraft (strong) papers, also parchmyn or pergamyn, and grease-proof papers. In submitting these facts I do so in behalf of Hubbs & Corning Company (Incorporated), Baltimore, Md., and New York City, dealers or jobbers in domestic wrapping papers and importers of the above-mentioned foreign papers, and last but not least the wrapping paper consuming public generally. These papers now pay a duty of 25 per cent ad valorem under paragraph 402, and we strongly urge and recommend no raise in this rate nor change in classification. It has been fully demonstrated that kraft papers can be produced in this country, to compete with the imported, and at a profit. There are at the present time three large and progressive mills in this country manufacturing a similar article, and, we understand, from pulp manufactured by themselves. A fourth mill manufactured such a paper from pulp made in Canada, on which they pay an import duty into this country. A fifth mill, recently built, we are told, equipped themselves with machinery for manufacturing papers of the "sulphate" process, or kraft papers.

I respectfully submit it is not reasonable to suppose that these mills have gone to the expense of installing new machinery and making possibly expensive alterations in their plants necessary to produce an article in which they can see no profit.

The home manufacturer has a protection over and above the 25 per cent duty now existing in the amount of expense incurred in importing and warehousing the foreign article, which on an importation of 5 tons amounts to between 25 cents to 35 cents per hundredweight. There are fixed charges, such as consular fees, wharfage, and labor charges at dock, at times high rates of foreign exchange, marine insurance, and in most Atlantic coast ports there is either a lighterage charge to docks closer and cartage to warehouse, or an extremely long and expensive cartage.

The American manufacturer, with the exception of those who have seen the growth of imported goods and have risen to meet it by producing a competitive article, want a tariff sufficiently high to enable them to continue the short method production of poorer and weaker wrapping papers, and the further destruction of our forests. They do not want to admit, without a struggle, that the old methods are "passe," and that the public are demanding a better and stronger wrapping paper for the protection of their merchandise, and if home mills can produce such a paper, and it has been proven they can at a profit, why then should the wrapping paper consuming public be made to suffer by an increase of duty? Such an increase would discourage the manufacturer of what has become a necessary article in this country—a strong paper without unnecessary weight; inasmuch as it would entail an extra expense to equip domestic mills with the necessary machinery for making kraft papers, it is not likely, under a higher tariff, that they would go to this expense, but would be satisfied to continue along the same old lines, grinding up our pulp wood faster than is necessary, were they making a stronger, thinner, and better paper.

A higher duty will do exactly what the American manufacturers of wrapping paper are arguing for, keep out the foreign paper and keep down the standard of quality of American made goods below the point of efficiency. The whole trouble has been that home manufacturers have not studied the best interests of the consumers by making a paper sufficiently good and strong, and at the same time light enough in weight to be attractive in price. Had they done so the foreign article could never have gained a hold in this country.

I do not think the duty should be so high that it enables the American manufacturer to make money without using the necessary amount of brains, and competition is the only encouragement for superiority in one line of American goods over another. The American manufacturer has the cure for the ailment in his own brains and hands, which Providence has given him to use for his own advancement.

We can not all be manufacturers; if we could I would say give us a higher tariff, but some of us have to be dealers, consumers, and even importers, and need protection as well as the manufacturers.

The gentleman who represented the wrapping-paper manufacturers before your honorable committee gave comparisons in costs and selling prices of a 60 per cent sulphite paper made in this country, against the foreign kraft paper, which is a 100 per cent chemical pulp paper, and this is in no sense a fair comparison. He should have compared the foreign kraft papers with a paper made from what is known as pure slow-cooked or Meisterlich sulphite pulp, and the difference in weight and cost per ream for the same strength would have been nearer equal. His comparison was ridiculous and misleading. Using this gentleman's figures for making and shrinkage as a basis, which is conceded to be about correct, in the first place the mill making paper to-day profitably has to have its own sulphite plant and paper machine. At this rate sulphite would cost \$30 per ton or \$1.50 per hundredweight; shrinkage would be 10 per cent, which would be 15 cents per hundredweight; the manipulation and manufacturing costs 80 cents per hundredweight; in other words, pulp made and turned into paper at \$2.45 per hundredweight, giving a pure sulphite paper of the ordinary quick-cooked sulphite.

The slow-cooked or Meisterlich process would cost \$35 per ton at the mill, or \$1.75 per hundredweight; shrinkage at 10 per cent would be 17½ cents per hundredweight; manipulation, 80 cents per hundredweight; total, \$2.72½ per hundredweight. Allowing the mill a profit of \$10 per ton, or 50 cents per hundredweight, would make the cost of quick-cooked finished paper \$2.95 per hundredweight and the slow-cooked finished paper \$3.22½ per hundredweight. In other words, 35 pounds pure sulphite, quick cooked, would cost \$1.02½ per ream of 480 sheets, 24 by 36 inches, and would test and give a wearing strength better than 25 pounds to a ream of 480 sheets, 24 by 36 inches, of pure kraft imported paper. Twenty-five pounds per ream, 24 by 36 inches, paper made by the slow-cooked process in this country tests practically the same as the same weight and thickness of imported kraft paper and would cost the mill 78 cents per ream, so that it is much cheaper paper to use than the kraft paper.

The gentleman's statements are unreasonable from the fact that he is figuring \$35 per ton as the cost of sulphite, whereas that is a good, long, liberal price. He has no right to figure an adulterated paper against a pure article, which he has done by figuring 40 per cent ground wood and 60 per cent sulphite. The ground wood does not add anything to the paper as far as wrapping qualities go. It only cheapens the quality, as it has no strength. He uses the freight rate of \$4 per ton, or 20 cents per hundredweight, in his comparison on the domestic paper only, which is exceptionally high, as freight rates will not average over 15 cents per hundredweight. He allows no freight on the imported kraft paper, and the only place the kraft paper can be bought without freight is at seaport towns; and the consumption of kraft paper in seaport towns is a very small percentage of what is used in the country, for it is principally used in manufacturing purposes of all kinds.

In figuring on kraft paper he figures 25-pound basis, which always costs more than the heavier weight; he adds 25 per cent duty and nothing else, while to land this paper at the warehouse even in seaport towns would add 25 cents to 35 cents per hundredweight to his figures. Then again he admits the cost of the adulterated (60 per cent sulphite and 40 per cent ground wood) paper would be \$2.55 per hundredweight, including the extravagant freight, and then figures the price to the consumer at 3½ cents per pound, which puts on the handsome profit of 70 cents per hundredweight—almost 30 per cent.

Now taking his cost for the foreign paper in 25-pound basis at \$3.75 per hundredweight, adding extra such as interest, insurance, consular fees, brokerage fees, dockage, etc., and this would bring his cost to 4 cents per pound, but he is wrong in his figuring, for No. 1 kraft paper 25-pound basis can not be brought into this country and delivered in warehouses for anything like this price; and, furthermore, is not offered to the consumer at 4½ cents per pound, but would average nearer 4¼ cents per pound for this weight. So you can see it is not a case of cheapness either by comparison of weights, using lighter weight in foreign than in domestic, or by actual price of the goods, but simply the fact there is not enough first-class paper made here, because the mills prefer to make tonnage product and make a cheaper article and make more pounds, whereas the consumer desires a light-weight, strong wrapper.

He should have figured his profits equal, giving each a fair showing, and if he is going to figure freight, figure the quantity of kraft paper that goes to the interior, and add to this 20 cents per hundredweight for freight, as he has done on the domestic paper, which is only right, it would bring the kraft paper up and make it all the more prohibitory at its present price and rate of duty; and if you compare qualities you have to compare the best quality and 100 per cent of the best quality of the pulp made here against the same percentage of the best quality of pulp made abroad. The foreign pulp can be brought in here and manufactured, including \$2.25 per hundredweight for the pulp, 22 cents per hundredweight for shrinkage, and 80 cents per hundredweight for making, and 15 cents per hundredweight for freight; total \$3.42, showing that the pulp can be brought here and kraft paper manufactured in this country cheaper than the paper itself can be imported, and we further feel confident that the pulp can be made in this country just as cheap as it can be made in any other country, for we have the wood, and the manufacturing of pulp is a chemical process taking very little labor in comparison with the machine work, and the machine end of it and the chemical end of it costs practically the same in one country as in another.

Your committee has already heard facts concerning parchmyn or pergamyn and grease-proof papers from a manufacturer of these papers in this country, showing that under an unsatisfactory condition of business during the so-called panic of 1907 and a tariff on the foreign article of 25 per cent, this manufacturer was blessed inasmuch as he stated he had made a profit of approximately \$10,000, or 3 per cent, on his capital invested. This mill started to make these papers on a small scale of an inferior quality, and has advantages now, in that he has proved he can make a profit and make prompt delivery, and has a further advantage of freight rates for interior business.

Now, if he can make a profit on the lines he is working along, why can he not increase this profit each year by making a better article as he increases his product and thereby minimize his expense? At the classification he asks, which means a higher rate of duty, he might just as well have a patented article, and the consumers who are obliged to use this class of paper would have to pay an enormous profit for the imported article, while he is getting in a position two or three years hence to take care of the business, as such an increase would in all likelihood cut the import down to about one-half at once. It is used now largely for wrappers for patented medicines, canned goods, and articles of this sort, simply to preserve the label and to keep them from dust and dirt, and being transparent the label can be read through the parchmyn paper. This is quite an expense which the manufacturer of these articles did not have to incur, but as the paper was reasonable and within reach in price they have adopted it for this purpose, thereby giving the consumer cleaner and better packed goods. Excessive duty would not improve the standard of the American goods in this case, but would be a great drawback.

All of which is respectfully submitted.

Very truly, yours

A. J. CORNING, Jr.,
Assistant Treasurer.

VEGETABLE PARCHMENT PAPER.

**THE PATERSON PARCHMENT PAPER COMPANY, PASSAIC, N. J.,
WISHES RETENTION OF PRESENT RATES ON ITS PRODUCT.**

PASSAIC, N. J., *December 2, 1908.*

HON. SERENO E. PAYNE,
*Chairman of the Ways and Means Committee,
Washington, D. C.*

DEAR SIR: In view of the hearings on tariff revision now being held by your committee, we beg to respectfully submit the following:

First. The merchandise we produce is parchment paper, which is manufactured from an unsized paper made from cotton rags, and treated with sulphuric acid or other suitable reagent. Two processes are involved—making the unsized paper from cotton rags and parchментizing with sulphuric acid. (Sample of each is attached hereto.)

Second. The paragraph of the present tariff act we are interested in is Schedule M, paragraph 398:

Surface-coated papers not specially provided for in this act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment papers, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized or sensitized paper or paper otherwise surface-coated for photographic purposes, thirty per centum ad valorem.

Third. We respectfully petition that no reduction be made in the rate of duty now levied, but rather that it be increased; and that should a minimum and maximum rate be adopted, it would be necessary for the protection of our industry to have the present rate (2 cents per pound and 10 per cent ad valorem) a minimum rate. A higher rate of protection would be absolutely necessary should wages decrease in Germany at any time.

Fourth. Our reasons for asking that no reduction be made are that with lower tariff the foreign manufacturers will be able to compete with us in this market to such an extent as to seriously injure our business. The manufacturers in Germany are more numerous than they are in this country, produce a greater quantity, and have frequently within the past years made a practice of exporting to this country parchment paper at prices far below the price at which parchment paper is sold in our own markets. (In reference to this, see translation of letter in *Papier Zeitung*, attached hereto. The *Papier Zeitung* is published by Carl Hoffman, of Berlin, Germany.) Herein lies the principal danger to our industry; therefore any lowering of the duty would surely result in increased importations. It is possible to produce this paper much more cheaply in Germany, Belgium, and France than in this country, and protection to more than offset wages and other costs should be granted, for the reason that foreigners could otherwise sell at a sacrifice and make it impossible for American manufacturers to compete. It appears also that the German manufacturers of parchment paper have an association which controls prices in Germany, which enables the manufacturers the better to export at cost price or less, as they are released from ruinous competition at home. (See printed circular attached.)

The cost of labor enters very largely into our paper, for the reason that the paper goes through two processes before it is finished. In the first it is manufactured into an unsized paper from cotton rags, dried and put up into rolls; from the paper mill it is sent to the parchment mill, where the paper undergoes its treatment in sulphuric acid, thoroughly washed in water, dried again and finished, and either sold in plain sheets or printed sheets. So that it is readily seen that a very large part of the cost is labor, hence the necessity of our receiving full protection.

The industry in this country has been slowly advancing in the face of domestic and foreign competition. The Paterson Parchment Paper Company, of Passaic, N. J., was the first concern to successfully manufacture and sell parchment paper in this country, in 1885, and since then eighteen competitors have come into the market, of whom two survive, the others having been driven out mainly by the foreign competition; so that to-day the manufacturers of this paper are:

The Paterson Parchment Paper Company, Passaic, N. J.

The West Carrollton Parchment Paper Company, West Carrollton, Ohio.

The Glenn Mills Paper Company, Philadelphia, Pa.

The competition among these three concerns is brisk, so that there is no danger to the community at large of being compelled to pay more for the paper than it is worth. In this connection we wish to call your attention to the fact that when in 1885 The Paterson Parchment Paper Company first entered the market, the wholesale price of parchment paper was 27 cents per pound, which price has gradually been reduced by competition, as related above, until to-day the selling price wholesale is 8.64 cents per pound, f. o. b. mill. The labor cost is more apt to advance in the manufacture of paper for the reason that the labor unions are advocating three tours of work in the paper mills and, in a great many cases, have succeeded in obtaining this concession. So far as this has been tried out it has resulted in increased labor cost and, should the manufacturers of parchment paper be compelled to follow the lead of others, it will readily be seen that the cost of production will increase and that increased protection would be necessary.

Since the present tariff bill was passed the increase in wages has been, in the paper mill, 50 per cent, and in the parchment mill, 25 per cent. Other expenses have increased, also, notably lumber, building materials, wrapping paper, twine, fuel, etc.

It should be borne in mind also that the waste in manufacturing parchment paper can not be used again as paper, and is a loss which adds to the expense of manufacture.

Under the present bill the industry has more than doubled, so that now \$1,630,000 are invested in it and about 560 people find employment, receiving \$293,000 in wages annually.

This industry is still capable of considerable expansion, as parchment paper is not as universally used in this country as it is in Europe, provided adequate protection is granted to it.

We wish to call particular attention to the fact that the paper we manufacture is known in the trade as "Vegetable parchment paper," and it would perhaps be better to so describe it in the bill, even though the words "parchment paper," as contained in the present

bill, have been construed to mean paper produced by our process. There are other papers, especially writing papers, which are known as parchment and which are produced on the paper machine, requiring but one process, and they should be distinguished from vegetable parchment paper.

We would also point out the fact that so-called imitation parchment, glassine, parchmine, etc., are not in the same class as vegetable parchment paper, for the reason that they also are made directly on the paper machine in one continuous process and are not as valuable, mainly for the reason that only one-half of the labor is expended on them. We are of the opinion that it would be confusing to put imitations of parchment paper in the same clause as genuine parchment paper in the tariff bill, but should be covered by a separate clause.

We therefore earnestly petition your honorable body that they do not recommend a lower rate of tariff, and thus destroy whatever prosperity we have been enjoying for the past ten years.

The West Carrollton Parchment Paper Company and The Glen Mills Paper Company desired us to present this brief, and should therefore be considered as approving it.

Respectfully submitted.

THE PATERSON PARCHMENT PAPER CO.
WM. F. BRUNNER, *Vice-President.*

THE HARTFORD CITY (IND.) PAPER COMPANY FILES SUPPLEMENTAL BRIEF RELATIVE TO SULPHITE FIBER PAPER.

HARTFORD CITY, IND., December 7, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: At the time of our hearing on Schedule M—November 21—I made the statement to the committee that parchment paper was often made from sulphite fiber alone, and that it was sometimes made of a combination of cotton fiber and sulphite fiber. Sulphite fiber, as you doubtless know, is a wood product.

Mr. Elliott, who appeared before your committee on the same date in behalf of the importers and in opposition of our contention, made the statement that parchment paper (which he designated as "vegetable parchment") was made from cotton fiber, and held out the idea that it could not be made from wood fiber and that it was therefore a much more expensive paper to make than our paper.

I beg to call your attention to the inclosed copy of a letter which I wrote to Mr. Harry Zimmerman, who for several years was employed by the Friend Paper Company, of West Carrollton, Ohio, and had charge of their parchment department; also call your attention to a copy of a reply which I received from him under date of December 4 and attached samples of parchment paper which he says are made from sulphite fiber alone. Also you will note his statement that he can easily manufacture it from the sulphite fiber.

I am very sorry to take up so much of your time on this question, but it is vital to us. Our mill is now down for want of orders, and we can not meet the competition from the importers in the East, and of

course can not sell our goods at a higher price than they can buy the imported article for, and for that reason we are not able to keep our mill going.

Very truly yours,

HARTFORD CITY PAPER COMPANY,
By B. A. VAN WINKLE,
General Manager.

EXHIBIT A.

NOVEMBER 28, 1908.

Mr. H. ZIMMERMAN, *West Carrollton, Ohio.*

DEAR SIR: We have again had occasion to think over the proposition of parchment paper, and remembering your visit to us during last February, we have been discussing whether or not you stated to us that vegetable parchment paper can be made from an exclusively sulphite stock. As the writer remembers your statement, you stated that the vegetable parchment can be made and often is made from a purely sulphite stock and that the use of cotton fiber is not absolutely necessary, and furthermore, that the use of it depended on whether or not cotton fiber was cheaper than sulphite fiber; in other words, that which of the two fibers they used depended upon the price. As you know, we are not in position here to use cotton rags, and if we should in future decide to make this paper we would necessarily have to make it from sulphite fiber base.

Awaiting your advices with interest, we beg to remain,

Very truly, yours,

HARTFORD CITY PAPER COMPANY,
By B. A. VAN WINKLE, *General Manager.*

EXHIBIT B.

KALAMAZOO, MICH., *December 4, 1908.*

HARTFORD CITY PAPER COMPANY,
Hartford City, Ind.

MY DEAR MR. VAN WINKLE: I received yours of the 28th addressed to me at West Carrollton, Ohio—same was forwarded to me at Kalamazoo, Mich.—contents carefully noted, and in reply wish to say that I will again give you the same proposition that I gave you last February. If you will remember, my proposition was that you add vegetable parchment paper with your parchmyn and glassine papers; in that way you would be manufacturing a full line of specialties for wrapping meats, lards, and butter; also for the canneries. I am sending you a few samples of vegetable parchment paper made from all sulphite pulp which I can manufacture with ease.

Now, Mr. Van Winkle, I can not quite catch the drift of your letter; you did not state in your letter, were you to take on the manufacturing of vegetable parchment, just who your vegetable-parchment man would be, and this being the case we can not be confidential as yet.

I would be much pleased to hear from you, and wish to say that I do not know of any party who would be able to take on the manufacture of vegetable parchment with a less outlay of money than the Hartford City Paper Company.

Very truly, yours,

HARRY ZIMMERMAN,
1825 Center Street, Kalamazoo, Mich.

WALL PAPER.

HENRY BURN, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF
ON WALL PAPER.

NEW YORK CITY, N. Y.,
November 30, 1908.

HON. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: In view of the stress that was laid by several members of your committee on the questions submitted to me at your hearing on Saturday, November 21, based upon my request for an increased duty on wall paper, I deem it advisable, on behalf of the wall-paper manufacturers, to bring to your attention certain facts that were not brought out by the examination.

First. Referring, therefore, to the question as to whether a profit of 10 per cent was not adequate, I would say that this assumed profit of 10 per cent is based on the 1905 report of the Department of Commerce; that the reports from the manufacturers, on which the calculation referred to in that report was made, do not show the net profit to the manufacturer, as the inquiries made by the Department of Commerce did not call for sufficient information and did not take into consideration many items that would have to be considered in referring to a net profit.

To be more specific, they did not consider the item of depreciation, which should be calculated at at least 5 per cent on the value of the plant each year, and this amount must be deducted from the gross result in calculating the net profit.

Depreciation must also be considered in a general way in connection with the question as to whether a profit of 10 per cent is ample return in a normal business year on the business of a wall-paper manufacturer. There is probably no other class of machinery on which the depreciation would be so great as on that of wall-paper machinery in case of a discontinuance of the business, which might be caused by the death of the manufacturer or his inability to continue the business from whatever cause, and this is due, not so much to the cost of the actual machines themselves, but to the enormous cost of their installation in a building, and as the value of this installation would be entirely destroyed by removal of the machines to another building, I can safely make the statement that in the event of such contingency as outlined above the value of the wall-paper plant would shrink fully 75 per cent, and this assertion is made based upon my personal knowledge in respect to wall-paper plants that have been discontinued. Consequently a profit of 10 per cent would not be

adequate, taking into consideration the enormous shrinkage in the value of the plant that would be incurred in the event of its discontinuance.

Second. Again, bearing upon the question of a possible profit of 10 per cent being adequate return, I call attention to the fact that \$1 of capital is required for every dollar of business done, and that thereby the manufacturer is enabled to turn over his capital but once a year, and that the business therefore calls for an unduly large amount of capital as compared with that of other industries, and the risk is consequently so much the greater and the wall-paper manufacturer is therefore entitled to a greater margin than the manufacturers in other industries, who can do the same volume of business on perhaps one-fifth of the amount of capital and whose risk is therefore just one-fifth that of the wall-paper manufacturer.

Then, again, the credit risk must be taken into consideration in determining whether a profit of 10 per cent is adequate, inasmuch as the goods are sold on long-credit terms, and it frequently happens that while the credit of the purchaser may have been first class at the time the obligation was incurred he may be in financial straits by the time the obligation becomes due, and a fair percentage for bad debts must also be considered in arriving at the net profit, and it is no exaggeration that the percentage of losses arising from bad debts amount to nearly, if not fully, 2 per cent.

Now, the reports collated by the Department of Commerce do not take in the items of depreciation or of bad debts, and consequently even assuming that otherwise the report reflects accurately the condition of wall-paper manufacturers, the net profit they would show as a result, after providing for depreciation and for bad debts, would bring the net profit down to about 6 per cent, which is certainly not adequate return for the investment and the risk attending same.

Third. Several members of your committee have assumed that inasmuch as the imports of wall paper amounted to only \$700,000 and as the aggregate of the domestic production is \$12,000,000 we are already well protected under the present tariff, and looking at the matter superficially this argument would be correct, but it has already been pointed out in our brief, and again in the statement I made before your committee, that the importation of, say, \$750,000 affects more directly goods of a similar character produced in this country and on which the domestic output is only \$3,000,000, and that the percentage of competition is therefore 25 per cent instead of 6 per cent, as assumed by some of the members of your committee; and inasmuch as the imports on these grades of goods have risen in the space of four short years to the extent of 230 per cent, it is quite clear that the present rate of duty on wall paper does not afford a reasonable protection, and as to the other 75 per cent of the domestic production the goods are of a character of which similar goods are not made abroad, and this accounts up to the present time for the fact that we have no European competition on these grades, and in my estimation, therefore, it can not be contended that the present duty on wall paper has given us protection on the sale of these goods; but inasmuch as the governments of European countries, notably that of Germany, are assisting their industries in finding new fields for their outputs, it is by no means impossible that this market will also be sought on the cheaper grades unless we are protected by an increased duty.

Fourth. As to the question as to whether we desire to have the tariff made prohibitive, we have already stated that that was not our desire. In fact, it could not be made prohibitive, as there will always be a demand for foreign goods on the part of some of our people—people who underrate American productions and who can not see any merit in any production unless it is marked “imported”—and there is no reason why the disparagers of American productions should not be made to pay the additional cost of the imported goods because of an increased duty on same.

Fifth. I was also asked whether the wall-paper industry was not willing to take a part of the burden in supporting the Government, and I replied that we always have, and I now claim that the increase of the duty to 35 per cent or 40 per cent will give the Government as large a revenue from the importation of wall paper as it now derives from the present importations on the lower rate of duty, and at the same time will diminish the importations to an amount that will not seriously affect the wall-paper manufacturers of this country.

Sixth. The greatest danger to our industry, however, is the reciprocal arrangements that are supposed to exist at the present time between the United States and Germany, whereby wall paper may be imported at a less rate of duty than that specified in the present tariff; but your chairman assured me that the committee would probably overcome this difficulty by recommending a maximum and minimum tariff, and in making such a recommendation I would earnestly request that you take into consideration the advisability of making the minimum duty 35 per cent and the maximum duty 45 per cent.

Thanking you for the courtesy extended in permitting us to offer these further suggestions, I am,

Very respectfully,

HENRY BURN.

WOOD PULP.

THE MOUNT TOM SULPHITE PULP COMPANY ASKS RETENTION OF PRESENT DUTY ON ITS PRODUCT.

BOSTON, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: The Mount Tom Sulphite Pulp Company manufactures a high grade of bleached sulphite pulp, about 30 tons daily, for fine papers, such as fine book and writing paper, and all its product is sold to mills making such paper and replaces just so much foreign pulp, as our competition is directly with the mills in Sweden, Norway, and Germany. The cost of labor at this plant is double that of the mills referred to above per ton of pulp made; we work our men on three tours in twenty-four hours instead of two tours, as the foreign mills do. We put just the same amount and kind of work in the preparation of our wood as is done in Europe—that is, in barking, boring out knots, cleaning chips, etc.—and where they employ boys, and even girls, we are compelled to employ men, as boys and girls for this kind of work in this country are not to be had or allowed by law.

We cook our fiber long hours, putting the same amount and kind of work in washing, screening, bleaching, rescreening, etc., as they do.

None of the grade of pulp we manufacture is exported, while a very large amount (43,000 tons in 1897, or 42 per cent of all bleached pulp sold in this country) is imported.

From figures already submitted to your committee by the pulp and paper men you will see that this cost of labor enters into every department of our mill, cost of plant per ton capacity, cost of cutting, logging, driving our timber, cost of mill supplies of all kinds, etc. We have been nearly twenty years building up this plant under the most adverse circumstances, and the present tariff does not represent the advantage the foreign mills have over us. If it is taken off or reduced, we believe it would mean the closing down of our plant.

We employ from 150 to 175 men, according to the season of the year, at this plant. The plant represents \$755,000 invested capital, and we have quite a suburb of Northampton, Mass., dependent on us, with a fine new schoolhouse in which we are educating from 60 to 70 children, mostly of foreign parentage.

Yours, truly,

CHAS. C. SPRINGER.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

SIXTIETH CONGRESS.

FIRST PRINT, No. 36.

THURSDAY, DECEMBER 17, 1908.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Thursday, December 17, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

STATEMENT OF MR. G. F. ARGETSINGER, OF ROCHESTER, N. Y.

(The witness was duly sworn by the chairman.)

Mr. ARGETSINGER. Mr. Chairman and gentlemen, I want it distinctly understood that the National Association of Macaroni Makers would not come in front of this committee at all; that we have no selfish reasons, and we are sufficiently good citizens to trust the macaroni industry of this country to this committee without any petition from the association, if it had not been that a statement had been made on November 19 in front of this committee which we consider prejudicial to the interests of this Government. The statement was there made that they could not make good macaroni in this country, and by rights they should ask for a remission of the duty thereon. The national association, with all seriousness, says to this committee that we can make macaroni in this country; that we are making it; that we do not ask for a protective tariff in order to successfully make it; but inasmuch as the foreign population of this country are so patriotic to their mother country that they will purchase the imported macaroni, or the macaroni made by their mother country, regardless of the price thereon, it would be prejudicial to the interests of this Government in a revenue way to take the duty off of macaroni which is purchased by the foreign importer. It is unnecessary, it is inequitable, and you might just as well get a cent more a pound on 97,000,000 pounds imports as a cent and a half a pound as you do today. The national association does not ask for protection in that regard, but simply desires to call your attention to the fact that it will be useless and prejudicial to your own interests and to the Government's interest to have macaroni come in free. Because the duty is on it, it is not necessary to protect us, owing, as I said, to the patriotism exhibited on the part of the foreign population of this country. Our sales are made almost exclusively to American people who appreciate the American product and the American methods of manufacture.

The CHAIRMAN. The duty seems to be from 38 to 40 per cent.

Mr. ARGETSINGER. On an average of 37½ per cent.

The CHAIRMAN. It is a pretty good duty.

Mr. ARGETSINGER. It is an excellent duty.

The CHAIRMAN. I mean it is a pretty heavy duty.

Mr. ARGETSINGER. For the product—not when we can get it. We do not need it for protection purposes.

The CHAIRMAN. You do not need it at all, you say; but it is a revenue producer.

Mr. ARGETSINGER. It is a revenue producer, and we are glad that it is such—that these people's patriotism is such that they will pay a high price for the imported article.

The CHAIRMAN. Can you make it as cheaply as it can be imported?

Mr. ARGETSINGER. We can not. The American consumer and the American buyer does not pay the duty. The average price on the macaroni importations of 1907 to this country was 4 cents, whereas the price in Italy is 7 cents to the Italian consumer.

The CHAIRMAN. According to the statement made in the government report, the import price averages just about 4 cents.

Mr. ARGETSINGER. Yes, sir; that is true, while the same macaroni in Italy, of local manufacture, brings 6½ and 7 cents; so that the American consumer, if he wishes to purchase the Italian macaroni, does not pay the duty.

The CHAIRMAN. The Italian gets macaroni cheaper, or as cheap, in this country as in his own country?

Mr. ARGETSINGER. He certainly does; and he would get it considerably cheaper if the duty was higher, if the Government needed the revenue.

Mr. DALZELL. What is the consumption in this country?

Mr. ARGETSINGER. It is almost impossible to state that accurately. We manufacture about 50,000,000 pounds, while the importations in 1907 were 97,000,000 pounds.

The CHAIRMAN. You manufacture 50,000,000 pounds in this country?

Mr. ARGETSINGER. In this country; yes; and that is as near as we can get at it.

The CHAIRMAN. As is shown here, there were 86,703,000 pounds importations.

Mr. ARGETSINGER. I was thinking, Mr. Chairman, that in the year 1907 the importations were 87,000,000, and in 1908, according to the reported addendum, it is 97,000,000 pounds, so that the importations have gone forward with rapid strides, regardless of the 2-cent duty previous to the Wilson bill and the 20 per cent ad valorem of the Wilson bill.

The CHAIRMAN. There is an increase from 15,000,000 to 90,000,000 pounds?

Mr. ARGETSINGER. Yes; regardless of the duty that has been placed upon it, and for the reason that I gave.

That is all I have to say. We want the opportunity of filing a brief; that is, the national association stands ready to file any brief that might be desired, and containing information covering the subject.

The CHAIRMAN. Any brief that you file within the next three days will be published in the hearings.

**STATEMENT OF MR. CHARLES P. SEARLE, OF 50 CONGRESS STREET,
BOSTON, MASS.**

(The witness was duly sworn by the chairman.)

Mr. SEARLE. Mr. Chairman and gentlemen, while I am scheduled to speak on the subject of machinery, I find that I haven't sufficient data to proceed on that subject this morning, and I would like until the 15th of next month to file a brief upon that subject. I find, in order to answer certain briefs that have been filed here, that it is necessary for me to send to England for information. I would, however, like to address the committee this morning on the question of high-speed steel.

The CHAIRMAN. I would like to ask two or three questions in regard to the machinery, as I wish to step out for a few minutes. Machinery comes in under the basket clause, does it not?

Mr. SEARLE. Yes, sir.

The CHAIRMAN. That is, 45 per cent.

Mr. SEARLE. Yes.

The CHAIRMAN. Is such a percentage of duty necessary for any machinery coming in?

Mr. SEARLE. It is not. The machinery, as a matter of fact, pays, instead of 45 per cent, from 62 to 65 per cent, because it pays duty upon the packing charges; and I wish to address the committee on that very matter. In order to get accurate information, it is necessary to send to England. I have a lot of statistics upon that subject already, but I do not think they are in such form that I ought to present them. We are asking for a lower rate of duty upon machinery.

The CHAIRMAN. How low?

Mr. SEARLE. Thirty per cent would be ample protection, and we will show it by our figures.

The CHAIRMAN. Upon any class of machinery imported?

Mr. SEARLE. I do not know about that. We especially deal with textile machinery. I appear for Evan Arthur Leigh, 232 Sumner street, Boston, Mass.

The CHAIRMAN. When can you file your brief?

Mr. SEARLE. I would like until the 10th of January, if the committee think that time is not too long.

The CHAIRMAN. Oh, we can not give you until that time, because we will have to have other hearings on the subject if you raise that question of duty.

Mr. SEARLE. Then whatever time you fix as convenient.

The CHAIRMAN. Suppose you go on and make your statement this morning.

Mr. SEARLE. I am not prepared to make a statement on machinery, but I am prepared to make a statement on high-speed steel this morning; but I will submit the brief whenever the committee thinks convenient.

The CHAIRMAN. I would like to have it filed this week.

Mr. SEARLE. I think it would be impossible to do that and do it in an intelligent manner.

The CHAIRMAN. You might file your statistics that you sent to England for later, but on the general subject you can send in your brief earlier than that, can you not?

Mr. SEARLE. I think I could.

The CHAIRMAN. Send the other in as a supplemental brief later.

Mr. SEARLE. I will do that within ten days.

The CHAIRMAN. Very well.

Mr. SEARLE. I desire to address the committee this morning on the question of high-speed steel. The steel which I desire to speak about is covered by paragraph 135 of the tariff act of 1897, and has reference more especially to the classes of steel which pay a duty from 1.2 cents per pound to 4.7 cents per pound.

Mr. DALZELL. Does that cover crucible steel?

Mr. SEARLE. Yes, sir; but I desire to answer a statement filed by Mr. Park, which I think you are familiar with.

In bulletin No. 15 issued by the Department of Commerce and Labor, on page 30, it appears that the importers entered for consumption for the year ending June 30, 1908, steel valued above 16 cents per pound as follows: Pounds, 1,998,255.98; value, \$679,771; duties, \$93,918.06; rate, 13.82 per cent.

The average value of this steel was 34 cents per pound, and the rate of duty asked for in our brief of 3½ cents per pound is practically a rate of 10 per cent ad valorem. The lowest rate of duty now exacted under paragraph 135 is 11.77 per cent, and the highest rate of duty is 104 per cent.

If any considerable importations of steel are to be made under this section the rate of duty must be made low in order to encourage importations.

Mr. Claradge in an article in the Iron Age of November 12, 1908, stated as follows: "There is no doubt that some exceedingly good steel is manufactured in Europe; this we do not deny. But we have never yet analyzed a piece of European tool steel which could not be duplicated or excelled in this country by any one of a half dozen tool-steel makers, with much more uniformity, in addition to selling at a lower price." Mr. E. T. Claradge, of Chicago, is president of the Columbia Tool Steel Company, and I would suggest that the committee ask him to come before them and give some figures confirming that statement, with which I do not entirely agree.

Mr. Park, of the Crucible Steel Company, asks that the duty be increased, so that steel which is worth 30 cents a pound shall pay 15 cents per pound and steel worth 35 cents per pound shall pay 20 cents per pound, and Mr. Park stated on page 1937 of the Record that he believed that the importations of this class of steel would be between \$4,000,000 and \$5,000,000 last year.

When asked how much of it he supposed was high-speed steel, he replied about \$1,000,000 worth. This was all crucible steel.

Mr. Park again states, on page 1937 of the Record, that he did not know the amount of the importations of the class of steel which he manufactured, but believed it to be about \$4,000,000 or \$5,000,000 worth.

Now, as a matter of fact, the value of the steel, other than high-speed steel, such as was manufactured by the Crucible Steel Company, of Pittsburg, of which Mr. Park was president, dutiable at from 1.8 to 2.8 cents per pound, and imported during the year ending June 30, 1908, was only \$1,172,446.41, and the duties on the same were \$246,977.04.

Of the high-speed steel, the value imported into this country during the same period was \$679,771, and the duties were about \$93,918, but all of this was not high-speed steel; probably about three-quarters of it, so Mr. Park's figures can not be relied upon in any way.

Of course the business last year generally was poor, but business in high-speed steel was especially active from June to October, 1907, and the importations were very large in the fall of 1907.

The manufacture of high-speed steel in this country and the importations of foreign high-speed steels have been increasing each year. When this steel was first invented it was supposed that it would simply take the place of the old self-hardening steels, which were used for rough work, for heavy planing, turning, etc., but it has since been found that this steel can be used for other purposes, and it is now being put into such tools as milling cutters, twist drills, taps, reamers, etc., and as the American tool makers find new uses for it the production of it is increasing all the time, both at home and abroad.

Mr. Park, in discussing paragraph 135, stated, on page 1936 of the Record, as follows:

The volume of this business in which I am interested, as covered in this clause is about 300,000 or 400,000 tons per year, and it is a class of steel that is higher in price and superior in quality to the ordinary steel called "bar steel," Most of it is crucible and refined high-grade of open-hearth steel.

The amount of the importations of this high class of steel for the year ending June 30, 1908, was only 14,119,249.75 pounds, or less than 7,000 long tons, or about 2 per cent of the total consumption of the country, according to Mr. Park's figures, and yet he has the temerity to come here and ask this committee to increase the duties on high-speed steel 300 to 400 per cent.

Now, I desire to show you that this increase is not needed in any sense of the word. Last September the Navy Department asked for bids for high-speed tool steel, and bids were made. The lowest bid was made by the Carpenter Steel Company, of Reading, Pa. Their bid was 34.7 cents per pound. The Midvale Steel Company, of Philadelphia, was the next bidder, and their bid was 34.8 cents per pound. Mr. Park, of the Crucible Steel Company, was the next bidder, 36.45 cents per pound. The Baldwin Locomotive Company was the fourth bidder, 40½ cents per pound, and the Bethlehem Steel Company was the fifth, at 42 cents per pound. The award was made to the Carpenter Steel Company, of Reading, Pa., at 34.7 per pound. I went yesterday and obtained from the Navy Department a copy of this bid, and I desire to offer it as Exhibit A.

(Following is the exhibit referred to:)

EXHIBIT A.

Schedule 386. Bureau of Ordnance. (High speed steel.) Original, duplicate (Indicate which by erasure).

Schedule of supplies for the U. S. Navy (eastern yards, etc.). Bids to be opened at 10 a. m., October 6, 1908.

Bids on this schedule will not be considered unless prepared in accordance with the instructions on the first page of Form A.

Bid of The Carpenter Steel Co., Reading, Pa.

Bidders must enumerate on the line below all classes of this schedule bid on to avoid possibility of bid being overlooked.

Class 181.

EXHIBIT A—Continued.

No. of Item.	Articles.	Unit price.		Total.	
		Dollars.	Cents.	Dollars.	Cents.
	Class 181.—(Req'n 227, Naval Supply Fund.— Washington, D. C.—Sch. 386.)				
	To be delivered at the navy yard, Washington, D. C., within 45 days after date of contract. bureau order.				
	If unable to make delivery within the time speci- fied, state actual number of days required, bu- reau reserving right to make award on time stated above.				
	For steel to conform to the specifications strictly as regards the percentages of carbon, silicon, etc., and to be capable of performing in a satisfactory manner work done by the standard tools used at the Naval Gun Factory.				
	For Ord. (turning and boring gun steel and steel castings).				
a	31,650 pounds (about) high speed steel, as specified below-----per pound.		24.7	10.92	55
	Square—				
1	2,000 pounds 6 $\frac{1}{2}$ ".				
2	4,000 pounds 2 $\frac{1}{2}$ ".				
3	1,000 pounds 2 $\frac{1}{2}$ ".				
4	1,000 pounds 1 $\frac{1}{2}$ ".				
5	1,000 pounds 1 $\frac{1}{2}$ ".				
6	800 pounds 1".				
7	300 pounds 1".				
8	200 pounds 3".				
9	200 pounds 3".				
10	300 pounds 1".				
11	250 pounds 1 $\frac{1}{2}$ ".				
	Flat—				
12	1,500 pounds 5" x 4".				
13	1,500 pounds 5" x 3".				
14	2,500 pounds 4" x 3 $\frac{1}{2}$ ".				
15	2,000 pounds 4" x 3".				
16	500 pounds 1" x 8".				
17	1,500 pounds 4" x 2 $\frac{1}{2}$ ".				
18	1,500 pounds 3 $\frac{1}{2}$ " x 3".				
19	1,000 pounds 3 $\frac{1}{2}$ " x 2 $\frac{1}{2}$ ".				
20	1,500 pounds 3" x 2".				
21	500 pounds 3" x 1".				
22	1,000 pounds 2 $\frac{1}{2}$ " x 1 $\frac{1}{2}$ ".				
23	400 pounds 2" x 8".				
24	350 pounds 2" x 1 $\frac{1}{2}$ ".				
25	300 pounds 2" x 1 $\frac{1}{2}$ ".				
26	300 pounds 1 $\frac{1}{2}$ " x 1 $\frac{1}{2}$ ".				
27	250 pounds 1 $\frac{1}{2}$ " x 1 $\frac{1}{2}$ ".				
28	1,500 pounds 1 $\frac{1}{2}$ " x 1 $\frac{1}{2}$ ".				
29	300 pounds 1 $\frac{1}{2}$ " x 1 $\frac{1}{2}$ ".				
30	200 pounds 1 $\frac{1}{2}$ " x 3".				
31	500 pounds 1 $\frac{1}{2}$ " x 3".				
32	1,500 pounds 1" x 1 $\frac{1}{2}$ ".				
	The above steel to be crucible high speed steel and of the following general chemical analysis:				
	Carbon not less than .4 per cent or greater than .75 per cent.				
	Silicon not greater than .2 per cent.				
	Phosphorus not greater than .02 per cent.				
	Sulphur not greater than .02 per cent.				
	Manganese not greater than .2 per cent.				
	Chromium not less than 3 per cent or greater than 6 per cent.				
	Tungsten not less than 12 per cent or greater than 19 per cent.				
	Vanadium in such proportions as desired by the manufacturer.				
	To have no other impurities or ingredients ex- cept iron, particularly no molybdenum.				
	It shall be of uniform quality throughout, and delivered in bars of commercial length and sizes as called for. It shall be free from cracks, flaws, pipes, and all other mechanical imperfections.				
	Award of contract will be made to the lowest bidder whose steel conforms to the above speci- fications and is capable of performing the work done by standard tools in use in the Navy Yard, Washington, D. C. Steel to be forged and treated according to the process in vogue at this yard. Any bars found not up to standard at any time shall be replaced at the expense of the contractor.				

It seemed to me, after obtaining this bid, that it was pertinent to know exactly what the cost of this steel would be to the importer; so I telegraphed to my clients, Messrs. Houghton & Richards, of Boston, and asked them what the steel, as furnished the Navy Department under the Carpenter Steel Company bid, would cost the importer, and I received this reply: "Imported steel, Navy Department specifications, would cost the importer about 43 cents per pound."

This high-speed tool steel contains from 15 per cent to 25 per cent of tungsten. The specifications provided by the Navy Department in the bid which I submit calls for tungsten not less than 12 per cent or greater than 19 per cent. The duty of $3\frac{1}{2}$ per cent means a duty of \$77 per ton instead of the present duty of about \$103.40 per ton, and as stated in our brief, which is printed on page 4146 of the record, it seems to lay an unnecessary burden upon the American tool maker and the American mechanic.

The Midvale Steel Company, of Philadelphia, in a brief which they filed before this committee (see pp. 4192-4193) stated as follows:

It is always inadvisable to tax materials which enter into the manufacture of special steels, thus increasing their cost to the buyer or restricting their use. If a special rate or any ad valorem rate be placed on these materials, the price of many of which is now exceedingly high by reason of the rarity of the ores from which they are made, it will add greatly to the price of the finished steel, which has now come to be essential for use in the tools of modern machine shops and for other purposes. Such added cost will materially add to the cost of the product of such tools. * * *

It has been suggested that it is advisable to increase the tariff rate on special steels to thereby protect those special steels, which would enable a duty to be placed upon the ferro compounds without affecting the profits on the manufacture of the steel. The objections to this suggestion are many. In the first place, increased duties are contrary to the spirit of the times. In the second place, it is simply an attempt to cure one evil by introducing a greater evil, because it increases the cost to the consumer, not only by the increased price of the raw material entering into the manufacture of the steel, but in addition by reason of the protection given to the finished product. This is repugnant to all idea of progress and the general demand for the lowering of the tariff.

The Midvale Steel Company, who made this statement, made a bid of 34.8 cents per pound in the exhibit covering the bid of the Carpenter Steel Company at the Navy Department; that is, they lost it simply by one-tenth of 1 cent a pound.

Mr. Frank Samuel, in a statement made to this committee (see Tariff Hearings, p. 4165), said that the actual cost of labor per ton on billets in this country, due to our improved machinery and methods, would not exceed the average cost of labor per ton in the English mills, and he adds: "Evidence of this fact can be produced before your committee if you so desire."

The foreign value of ferrotungsten varies from about \$1,000 per ton to \$1,900 per ton (see the record in the cases pending in the United States circuit court, cited on p. 4177, Tariff Hearings).

The use of tungsten produces a steel which retains its temper even when red-hot. That is the particular reason why it is so valuable for the film of the incandescent electric light. It has a quality, as I have stated, of enabling the steel to remain hard when heated to a high temperature, thus enabling tools to work even at incandescence.

The high cost of ferrotungsten is not due to the cost of manufacture, but because of the rarity of the ore from which it is made, and

the great demand for the same compared with the supply. It has been stated before to your committee that the United States is especially well suited to make ferrotungsten without protection, for one of the chief sources of the supply of tungsten ore in the world is our own State of Colorado, and the water power and the electric facilities enable the manufacturers in this country to produce ferrotungsten readily and cheaply.

The manufacture itself of ferrotungsten from the tungsten ore is by a simple metallurgical process, requiring a little labor, the electric furnace being employed to generate the great heat required to melt this ore, and as to the question of labor or the facilities for manufacture, this country needs no protection in order to enable it to successfully compete with the foreign product. The duty of $3\frac{1}{2}$ cents per pound proposed upon high-speed steel means a duty, as I have stated, of 10 per cent ad valorem. This would mean a protection of from \$100 to \$190 per ton, according to the value of the tungsten ore.

That, Mr. Chairman, is all the statement I desire to make in regard to high-speed steel.

MR. DALZELL. Mr. Searle, what do you say as to the duties imposed in section 135 up to 16-cent steel and over?

MR. SEARLE. I should say that the duties as they now stand are fair, with the exception of the last two provisions, reading as follows: "Valued above 13 cents and not above 16 cents per pound, 2.8 cents per pound; valued above 16 cents per pound"—I think if the duty upon steel valued above 13 cents per pound, but not above 16 cents per pound, were reduced to 2 cents per pound instead of 2.8 cents per pound, and steel valued above 16 cents per pound was reduced from 4.7 cents per pound to $3\frac{1}{2}$ cents per pound, it would be perfectly fair to everybody.

MR. DALZELL. You think that these duties have a relatively proper adjustment?

MR. SEARLE. I agree with that.

MR. DALZELL. Do you think that any of them could be reduced?

MR. SEARLE. I do.

MR. DALZELL. Excepting those you have already stated?

MR. SEARLE. I am stating this because my clients are more especially familiar with this class of steel.

MR. DALZELL. Mr. Park was willing to have the duties up to 16-cent steel reduced 10 per cent.

MR. SEARLE. I noticed that in his statement, yes; but he did not seem to state any good reason for having the duty on high-speed steel increased—in fact, he shows in his bid here, which he made to the Navy Department, he underbid us on the present duty about 9 cents a pound. We could not furnish the steel imported for less than 43 cents, and his bid was 36.45 cents.

MR. DALZELL. You are talking about high-speed steel. That is something that has come into commerce since the passage of the Dingley bill.

MR. SEARLE. That is very true.

MR. DALZELL. If it is fair and proper to adjust these duties relatively, according to the price of the steel, why ought you not to continue to increase the duties if the value of this steel increases?

Mr. SEARLE. For the reason that it becomes prohibitive. There is a certain point beyond which one can not import merchandise, and it makes it impossible for us to compete. All of these people are making steel and selling it for 8 or 9 cents per pound less than we can sell it. I read you a statement in regard to that.

Mr. DALZELL. I understand; it is in your brief?

Mr. SEARLE. Yes, sir; from the president of the Columbia Tool Company, who stated that the American tools were superior in every way.

Mr. DALZELL. High-speed steel is above 16 cents?

Mr. SEARLE. Most of it.

Mr. DALZELL. And no provision is made for that now excepting this general clause?

Mr. SEARLE. That is right.

Mr. DALZELL. There is a very wide open competition in the manufacture of this steel, is there not?

Mr. SEARLE. I think there is. I think the manufacture is increasing both abroad and in this country.

I think that is a fair statement. I think $3\frac{1}{2}$ cents a pound would give all the protection necessary.

Mr. DALZELL. Do your figures give the increases in importations?

Mr. SEARLE. They do.

Mr. DALZELL. And also the home production?

Mr. SEARLE. I stated Mr. Park's home production, but I think he is wrong. I think he overstated it, but I gave it exactly as he gave it. I felt that I was obliged to take his figures, but I think he states it in excess of what it actually is.

Mr. DALZELL. More than a half million dollars' worth of steel. He says: "I do not suppose the amount manufactured by our company was more than a half million dollars' worth of steel."

Mr. SEARLE. That is his own company. Then he goes on to state that he thinks that four or five million dollars' worth was made in the whole country.

Mr. DALZELL. You have all of those figures in your brief?

Mr. SEARLE. I think so.

There is another matter that I would like to speak about while I am here. Of course I know that "a little knowledge is a dangerous thing," but for some twenty-five years it has been my business to practice, more or less, with respect to the customs-revenue laws, and my firm, I suppose, has three-quarters of that business in New England.

Mr. CRUMPACKER. Before you leave the high-speed steel subject I would like to ask you two or three questions. Does it cost us any more to produce this class of steel than it costs the foreign producer?

Mr. SEARLE. I think it does.

Mr. CRUMPACKER. And you think that $3\frac{1}{2}$ cents would cover that difference?

Mr. SEARLE. I think a good deal more, because that would be \$77 a ton, and I think that is a great deal more than the cost here—the labor cost.

Mr. CRUMPACKER. This steel is specialized; it is produced in the crucible. Do you buy the crude product in the market?

Mr. SEARLE. We—our European principals—buy the ferrotungsten; yes.

The CHAIRMAN. And then, by processes of heating and one thing and another, you bring it up to this high standard of perfection. Is it used in making cutlery largely?

Mr. SEARLE. Not at all; it is used in making the high-speed tools, where they require great speed, and where you can heat a tool to incandescence and not lose its temper. You have seen the new filaments in electric lights. The tungsten is used there because it will heat to incandescence without destruction of the metal.

Mr. CRUMPACKER. We can produce as high grade, as good quality, as the foreign manufacturer can?

Mr. SEARLE. In every way.

Mr. CRUMPACKER. Can our manufacturer of this kind of steel obtain the material as cheaply as they do abroad, or do they have to pay more for their raw material?

Mr. SEARLE. On the 29th of last November it was \$1,300 a ton, and it varies in America from \$1,000 to \$1,500 and \$1,800 a ton.

Mr. CRUMPACKER. What is the difference in the cost of labor? What, in your judgment, is the real difference in the cost by the ton of production of this kind of steel here and in England and Germany?

Mr. SEARLE. I should say that \$20 would amply cover the actual cost of producing the steel.

Mr. CRUMPACKER. That would be a little less than a cent a pound, and a cent a pound by the American ton. And you think that 34 cents ought to cover reasonable profit, and a cent and a half in addition would be about \$30, for good measurement.

Mr. UNDERWOOD. Do I understand that you want an increase or a reduction?

Mr. SEARLE. I want a reduction, Mr. Underwood.

Now, as I stated, I am aware that "a little knowledge is a dangerous thing;" but I have given some attention for a number of years to customs-revenue matters, and it has been my pleasure to appear before your committee several times simply as a spectator. I have read some of the testimony, and I have been amazed at many of the reckless statements which have been made here. And, first, I want to refer to the question of undervaluation.

Coming over on the train from Boston day before yesterday I met one of our leading manufacturers of New England, who believed in practically a prohibitive duty, and he stated to me that the undervaluation was perfectly enormous, not only in his line of business, but in every line of importation. I said, "I think you are mistaken: that the undervaluation won't amount to 2 per cent." He said, "You are wrong." We got a little warm, and he said, "It will amount to more than 10 per cent." I told him that I had appeared in a number of important reappraisement cases in Boston in the course of the year, and that they did not average two a month. "Well," he said, "you don't know anything about it in New York." I said, "I go there occasionally, and I know something about it." He said, "The reappraisements in New York reach up into the thousands, and they amount to more than 10 per cent of the entries." Well, before he got through he called me a big fool. But I was big enough fool to go the next day to the New York custom-house and get some facts, and I thought I would like to make a statement to this committee. These

figures were given to me by Mr. Estabrook, the deputy collector in charge of the sixth division. I wanted to get a period of six months. He gave me the books showing the number of advances in valuation from the 10th day of July, 1907, to the 10th day of January, 1908; but inasmuch as it was a little difficult to divide the months, I have taken, for the purpose of my statement before this committee, the months of August, September, October, November, and December—the last five months of 1907. The number of advances in August was 669; in September, 628; in October, 754; in November, 612; and in December, 665; or a total, if my addition is correct, of 3,348. During the same period there were entered at the New York custom-house 164,979 invoices. This would mean that the total number of advances, whether made voluntarily by the importer or made by the appraiser or collector, amounted to about 2 per cent of the total number of invoices. Now, we must bear in mind that many of these advances are for most trivial things—packing charges, and perhaps commission—so it is interesting to go a little further to see how many of them were serious enough to call for reappraisal. During that period I found that there were 1,150 reappraisements. These were asked for covering 164,979 invoices. That means that there were 0.69 of 1 per cent of the invoices in New York during that period that were advanced in value. Now, for the whole country, during the year ended June 30, 1908, there were only 4,959 reappraisements. I do not know what the invoices of the country were, but certainly less than 1 per cent.

The total amount of penal duties on articles undervalued (sec. 32, act of July 24, 1897) was in the whole country only \$151,650.08, or much less than one-tenth of 1 per cent of the total duty collected for the year ending June 30, 1908.

I thought this was an interesting statement, showing that here we have, in my opinion, the most efficient board of appraising officials in the world at the port of New York. They are there to detect undervaluations, and have special agents particularly for that purpose. The Treasury Department is working on it all the time by information that they receive, and when people come before this committee and state that reappraisements are general they do not know what they are talking about.

Mr. DALZELL. Does your information show what the character of the goods were and the name on which these advances were made?

Mr. SEARLE. No; but I think I can tell generally what they were, if you want to take my statement as hearsay. I should say it was probably the goods largely coming from Germany and France, more worsted and flannels, and goods of that character.

Mr. UNDERWOOD. This estimate that you made was since the President made the agreement with Germany on appraisements, was it not?

Mr. SEARLE. I do not know; I don't think so.

Mr. UNDERWOOD. Did not that agreement go into effect with Germany on the 1st of July, 1907?

Mr. SEARLE. Possibly it did; I think you are right about that.

Mr. UNDERWOOD. Therefore that would increase the undervaluations rather than otherwise?

Mr. SEARLE. Probably not very much, because it takes some time to get things going; to get the merchandise moving this way.

Now, I would like to make one more statement before the committee. Mr. Wakeman has appeared before this committee for the Protective Tariff League of New York, and if one can believe his statement in regard to protests, one would think they rained all the time—nothing but protests on every question that arises with respect to customs revenue. What is the position of the importer, Mr. Chairman? He pays to the United States Government one-third of all the revenue of the United States to administer this great national domain. Before the passage of the customs administrative bill the importer had some rights. He had a right to bring an action against the collector, and if the collector's action had been illegal, to recover the duties and recover the costs and interests. The customs administrative bill took away the right of the importer to recover his costs and interests. That I do not make any complaint of at the present time. Now, what do they propose to do? They propose to say that the United States Government can take my money illegally, can hold it one to five years, and if at the time that money is taken I open my mouth to enter a protest against it, I have got to pay \$5 for it. Now, let us see what the facts are in regard to the protests. One would suppose that the board of appraisers at New York were a very much overworked body of men. I might say here, incidentally, that I have the greatest regard for every one of them, for they are men of great ability, but every one of them is paid more than any circuit judge in New England.

The board of appraisers makes an annual report, and in their annual report for the fiscal year ending June 30, 1908, they state that the number of protests received since the organization of the board in 1890, nineteen years ago, was 550,652, the average protests amounting to about 30,000 a year. For the last nine years the average protests have been 30,345, if my figures are correct. Now, the board say that many of these protests are trivial, and that it consumes a great deal of the time for the board to take care of them, so that it is impossible to do its business. They say here, in their annual report, that they have 35,000 protests on the suspended lists, and they expect that those will be disposed of by January 1, 1908. One case was decided in the United States Supreme Court the other day which disposed of 5,000 protests. One case will perhaps dispose of several thousand more when decided. They say in their report: "Upon the whole, it might be said that all cases which have been submitted for decision before the board, and submission received up to June 30, 1908, were on that date decided; and that the board, with its present organization and force, is keeping perfectly abreast of all current work and is capable of handling all possibilities of such work." Again: "The clerical force of the board at present is fully competent to handle all work before it, and it has proved entirely sufficient for that purpose."

Mr. DALZELL. What do you propose by way of legislation on that subject, Mr. Searle?

Mr. SEARLE. I think the customs-administrative law is very good as it is. If I might be allowed one or two suggestions: Why not let the law stand as it is? It is all right. They have deprived us of our interest and costs, which I say is wrong. Now, Mr. Dalzell, if the Commonwealth of Pennsylvania took your property by the right of eminent domain, and you can not agree with the Commonwealth

and the question goes to the jury as to the cost and value of that property, when that is finally decided the Commonwealth of Pennsylvania pays you interest and costs. Now, if the United States Government take my money by so much as 1 mill and keep it for five or ten years, why should they compel me to pay to make protest and ask for its return; why should they not pay interest and costs when returned to me?

Mr. UNDERWOOD. I think Mr. Wakeman stated the other day that it was necessary to have this charge for filing protests, that if they did not there would be a great many insincere protests filed.

Mr. SEARLE. I do not think that is so. I have been filing protests a great many years, and we file, in my office, about a thousand a year.

Mr. UNDERWOOD. You stand as an importer. What he said was this: He stated that there were a great many attorneys in this business who represented people, and when goods come in, and they thought there was a case to be made up that they would come in and file a protest for the purpose of holding the case open in order to get the business—not a very professional thing to do; but from his testimony I gather it that it was not an unusual thing to do.

Mr. SEARLE. It can not be done to any great extent, because the number of protests shows that it can not be done; the number was only 30,000 for the last year.

Mr. UNDERWOOD. But it might have been that a large number of that 30,000 was done in that way, and that really they had nothing behind them.

Mr. SEARLE. I do not think that is so. I know, of course, that a large number of protests are filed every day in a serious manner. I never knew an attorney of repute who filed a protest excepting he believed it had merit.

Mr. UNDERWOOD. I do not make any reference here specifically. These statements were merely made before the committee.

Mr. SEARLE. He said that protests were filed over there like April showers, but I think he is wrong about it.

Now, Mr. Dalzell asked a question in regard to the customs administrative act. There is one suggestion that I would like to make, if I may be allowed to do so. It often happens that goods arrive in this country which for some reason or other are under value, and as the law now stands the Secretary of the Treasury has no right to remit any additional duties. I think if the customs administrative act was changed so that if any goods were unintentionally undervalued, and if the Secretary of the Treasury was satisfied that there was no fraud, that the duties should be remitted. I think it creates a great deal of ill feeling which now grows out of the question of additional duties.

I am very much obliged to you.

STATEMENT OF MR. CHARLES RUSTON, JR., OF No. 10 WEST TWENTIETH STREET, NEW YORK CITY, REPRESENTING JAMES KEISER, OF NEW YORK.

(Mr. Ruston was duly sworn by the acting chairman, Mr. Dalzell.)

Mr. RUSTON. I would like to say, gentlemen, that I come here this morning—and I am representing simply our own concern—to speak regarding the subject of silk cravats, which some people call neck-

ties; but we didn't come here to ask any increase of duty nor a reduction, but simply that the tariff remain as it is at the present time. I have a statement here that will boil the whole matter down, and if I read it it will probably save time.

Mr. DALZELL. You may read it.

Mr. RUSTON (reads):

Manufacturing silk cravats is a distinct industry. Cravats are in a great majority of cases made from silks that are woven specially for this purpose, and such silks, as a rule, are not suitable for any other purpose.

There are probably 150 to 200 concerns engaged in the silk-cravat industry. Many of these concerns have only a few thousand dollars capital. There are a few, probably about half a dozen, having a capital of from \$100,000 to \$200,000. The business annually of these concerns ranges from about \$30,000 to \$50,000 each, up to several hundred thousand. There are probably only six or eight concerns whose business ranges between \$500,000 and a million. The total annual business on a rough estimate is probably at least \$25,000,000.

There is absolutely no trust combination or understanding, secret or otherwise, existing between the various concerns, and such we believe impossible.

Competition has lowered the price to the minimum; in fact, there is a large amount of business done, particularly in the medium and lower priced blues, at practically little more than a mere commission for profit. There have been no large individual fortunes built up from the profits in this business.

The consumer has been able to get exceedingly good value at the various prices of 25 cents, 50 cents, \$1, and above. It is only necessary to examine the retail stocks to be sure of this. In fact, we have heard many people say that they thought it was possible to get better value in this country in cravats than abroad. This is due to the keen rivalry among competing manufacturers, particularly the smaller ones employing no salesmen.

Under the present duty of 60 per cent since 1897 the business has grown rapidly.

Under the old duty of 50 per cent previous to 1897 the importation of foreign cravats, mostly English, was developed, and this part of the business seemed to be growing rapidly until it was largely cut off, excepting where consumers were willing to pay the price for a luxury, by the increase of 10 per cent duty in 1897. We have heard some manufacturers say that the duty should be 70 per cent on silk cravats. Our own opinion is that it should certainly remain at not less than 60 per cent. Any reduction in duty would result in either forcing a number of concerns out of business or the price paid to labor would have to be reduced. There are probably 40,000 to 50,000 people engaged in this industry. If the duty was reduced the conditions under which we would have to do business would be worse than they were previous to 1897, as the price of labor in the last ten or fifteen years has advanced from 25 to 50 per cent, and from everything we have been able to gather there has been far from any such increase in the price of labor in Europe, particularly in England, from which country we would feel the keenest competition. The difference, therefore, between labor here and abroad is greater to-day than when the old duty of 50 per cent was in force.

As there is practically very little, if any, export business in silk cravats, any lowering of duty would not gain us the export trade, and our only market would be seriously interfered with.

As about 60 per cent of the wholesale selling price paid for silk cravats is made up of labor apart from raw material or profit, it can easily be seen that 60 per cent duty is none too much to protect us against the conditions governing labor abroad.

Mr. DALZELL. Are there any importations?

Mr. RUSTON. There are a few at the present time, sir; but I do not think it is a large item.

Mr. UNDERWOOD. What is the volume of business of the cravat industry in this country?

Mr. RUSTON. Well, it is pretty hard to get at that fact, but as near as I can estimate it I think it is at least \$25,000,000.

Mr. UNDERWOOD. Do the importations amount to as much as a million dollars?

Mr. RUSTON. I do not believe they do; no, sir. They did at one time; but it is pretty hard to ascertain that, as they come in under the heading of articles made from silk—that is, silk fabrics—so that I do not know that there is a record on that particular item.

Mr. UNDERWOOD. Then the duty is prohibitive now?

Mr. RUSTON. Well, no; it is not.

Mr. UNDERWOOD. Practically prohibitive, is it not?

Mr. RUSTON. No; I do not think so, sir. You see, the margin of profit in our business is very close and the trade is very discriminating in buying. The styles differ a great deal. I honestly believe that if the duty was reduced to where it was before, 50 per cent, under the conditions upon which labor is working to-day, that there can be large quantities of cravats imported here which would be distinctly to the disadvantage of that labor employed to-day.

Mr. UNDERWOOD. You are looking at the fact that American labor has increased in the last ten years, but overlooked the fact that labor the world over has also increased in the last ten years.

Mr. RUSTON. Do you think it is in any such proportion?

Mr. UNDERWOOD. I think so, from my information.

Mr. RUSTON. Fifty per cent?

Mr. UNDERWOOD. The proportion of increase abroad has been as great as at home.

Mr. RUSTON. Here is a point that I would like to call your attention to, and of course we are governed by experience, for that is all we have to go by as business men. We know that when the duty was 50 per cent there were large quantities of cravats imported, and it cut into our industry here.

Mr. UNDERWOOD. How much was imported when the duty was 50 per cent?

Mr. RUSTON. The nearest that I can answer that question is that in 1894 the imports—these are the figures given me by our customs broker, but I have no figures of my own—

Mr. UNDERWOOD. I would like to have your figures on that question, and you can verify them.

Mr. RUSTON. I would like to say that I do not vouch for these figures, but he told me that the imports on articles made from silk were \$7,571,000.

Mr. UNDERWOOD. That was in 1894?

Mr. RUSTON. Yes, sir.

Mr. UNDERWOOD. How about the total volume of business in this country at that time compared with what it is to-day?

Mr. RUSTON. Well, I should not think that it was much more than half. Our business, our general industry, has grown rapidly in the last ten years.

Mr. UNDERWOOD. Would you say it amounted to fifteen millions of dollars?

Mr. RUSTON. It might; yes, sir.

Mr. UNDERWOOD. Then under a 50 per cent ad valorem rate the American producer controlled half of the market at that time?

Mr. RUSTON. Yes; but, you see, you must bear in mind that this seven and one-half millions includes the articles made from silk, and ours is only a very small part of that.

Mr. UNDERWOOD. That is what I asked you. Then, how much of that 7,500,000 was cravats, do you think? Estimate it.

Mr. RUSTON. Well, I really would not like to estimate that. I am guided by my own experience, but I know that it was quite general, and the importation of cravats cut quite a figure in the industry.

Mr. UNDERWOOD. Of course, you do not expect us to fix a duty here that will give you an absolute "corner" on the American market. The cravat is a luxury, and naturally a revenue article, and you do not expect to have the duty fixed so that it will give you a "corner" on the American market, and with no importations coming in?

Mr. RUSTON. I desire to take exception to that. I do not think the cravat is a luxury. Most of us go in a class of society that requires us to wear cravats.

Mr. UNDERWOOD. Same as a lady who goes to a ball is required to wear a lace dress, but still we put them in the list of luxuries.

Mr. RUSTON. There are all sorts and kinds of cravats. You can get them down as low as 25 cents apiece.

Mr. DALZELL. These cravats can come in under the paragraph relating to wearing apparel?

Mr. RUSTON. Yes; the silk is 50 per cent.

Mr. DALZELL. The figures would be difficult to get accurately.

Mr. UNDERWOOD. That was why I was trying to find out whether he had that information.

Mr. RUSTON. I have never had it specifically.

Mr. RANDELL. It looks as if the common cravat should have a lower tariff than the finer quality, but the finer quality comes in under the 50 per cent and the others under the general item of 60 per cent.

Mr. DALZELL. These come in under the paragraph relating to wearing apparel.

Mr. UNDERWOOD. I presume that there is a very small portion of the cheaper cravat imported, mostly high grade?

Mr. RUSTON. I think it is mostly high grade; yes, sir.

Mr. GAINES. Do you know about those answers that you are making, that they are mostly high-grade imports?

Mr. RUSTON. I have no figures to be guided by; no.

Mr. UNDERWOOD. I was asking for information in relation to his business.

Mr. GAINES. Exactly; and I wanted to know whether he had definite information about it.

Mr. UNDERWOOD. You are in that business, are you not?

Mr. RUSTON. Yes, sir.

Mr. UNDERWOOD. You know, when you go into a haberdasher's store, what is imported and what is not?

Mr. RUSTON. As a rule we can tell.

Mr. UNDERWOOD. From your observation and experience, is not the imported cravat usually the high-grade goods?

Mr. RUSTON. Yes; mostly.

Mr. HILL. Is there any peculiar thing that would separate this article of cravats or neckties from the schedule in which it is now placed, paragraph 390, so that it would have a different duty in case a desire was shown to change the duty of that general schedule?

Mr. RUSTON. I do not think so; no.

Mr. HILL. A very small part, probably, of the articles embraced in section 390 you do ask a change upon; that is, you do not ask for an increase of duty on everything?

Mr. RUSTON. No, sir; I am not asking for a change of duty at all, but that the duty should remain the same, my plea being that the margin of profit is so close that a slight reduction of duty would seriously injure the industry.

Mr. RANDELL. Where do you draw the dividing line between the high and low grades of cravats?

Mr. RUSTON. Well, 25 and 50 cents, possibly, at retail is considered the lower-priced line, and those retailing for \$1 and above, the better grades.

STATEMENT OF MR. H. M. ROSE, OF 606 SANSOME STREET, PHILADELPHIA, PA.

Mr. Rose was duly sworn by the acting chairman, Mr. Dalzell.

Mr. ROSE. Mr. Chairman and gentlemen, I intended to call your attention to the difference in the hours of labor of employment here and in foreign countries, and the difference in the scale of wages.

Mr. UNDERWOOD. Before you proceed, will you please tell us whom you represent?

Mr. ROSE. The Rose Company, of Philadelphia, publishers and printers of calendars, pictures, and post cards. I find that the committee has been rather fully informed as to the difference in wages for printers and pressmen in this country and Europe, so I will simply say that the United States Government in its own printing shop has established wages and hours of labor which are very difficult for us to follow, while at the same time the market in our class of goods has been thrown upon the foreign countries, with practically no duty whatever; countries where the rate of wages is from one-quarter to one-third the rate paid by us.

I am stopping at one of your principal hotels. I went to the news stand this morning on the way up here, and I find that the only post cards of the United States Capitol, the White House, and all of the views of Washington, are made in Germany. We imported from Germany alone in 1907 nearly 800,000,000 cards.

Now the cost of making those cards—speaking of post cards, although we manufacture the other lines, and they all come or should come under one general heading—the initial cost of a set of post cards, usually eight designs, which is the popular number, for drawings, and designs, and plates, is from \$300 to \$500. Of this fully 95 per cent is the cost of labor. The only material used is a little copper and wood on which the plates are made. Following that, the cost of the cardboard is about 75 cents per thousand; ink 25 cents a thousand, labor \$1.50 a thousand. On the number of post cards imported from Germany alone in 1907, the wages that we would have had to pay would have amounted to about \$1,200,000, or work for a year for 2,000 men and women at the rate of \$12 a week. In addition to that there would be about half a million dollars for plates, practically all of which was labor; and then about \$800,000 for cardboard and ink. The amount of labor on that I am not familiar

with. We want to pay the wages that we are paying now, and we want to increase them. The publishers of books, and the other printers are going to do it on the 1st of January, and we can not do it.

Mr. DALZELL. You have given us the American wages; can you give us the corresponding cost abroad?

Mr. ROSE. I have in my pocket a brief presented to you by the American Typothetae, which gives that exactly. I will read it to you if you want me to do so.

Mr. DALZELL. No; that is already in the hearing.

Mr. ROSE. I can not give you any different information than that.

Mr. DALZELL. Do you indorse these statements?

Mr. ROSE. Yes.

There is one other thing that I want to say to you, referring to these two cards that I brought here this morning. The cost of a set of plates before putting them on the press at all in this country is \$12.50. Those foreign cards will be sold, delivered in America, duty paid, cardboard, printed, plates and all, for from \$9 to \$10.

Mr. CRUMPACKER. What do you charge for them?

Mr. ROSE. Two for 5 cents.

Mr. CRUMPACKER. You can not sell these at that price. They would be sold anywhere for a nickle apiece?

Mr. ROSE. No; not at all. The idea is this: A set of plates like this costs us \$12.50. The printing would cost about \$2. These people sell the cards, delivered in this country complete, freight and duty paid, for \$9 and \$10 a thousand; that is, in small quantity. In large quantities they will sell them as low as \$4 a thousand.

Mr. CRUMPACKER. What can you sell them for and make a reasonable profit on the production.

Mr. ROSE. In lots of 5,000 we could sell those at \$4 a thousand.

Mr. CRUMPACKER. And they sell them at \$9?

Mr. ROSE. No; they sell 1,000 at \$9, and that is what kills us.

Mr. CRUMPACKER. What can they sell them for in 5,000 lots?

Mr. ROSE. About \$3 or \$3.50. The idea of the thing is this: Nobody would buy those in 5,000 lots.

Mr. CRUMPACKER. I suppose they are sold to wholesalers in large lots at low prices, and they send them around to the retailers, do they not?

Mr. ROSE. No, sir.

Mr. CRUMPACKER. Do you sell directly to the retailer?

Mr. ROSE. We do not, but these people do. We could not produce a thousand cards like this for less than \$18 or \$20.

Mr. CRUMPACKER. Of course, if you produced 1,000; but when you make a print of that kind you would print nine or ten thousand, would you not?

Mr. ROSE. No; we do not because those people will sell 1,000, consequently the American buyer will not buy larger quantities from us.

Mr. CRUMPACKER. But a city like this would probably take a thousand, and we have a great many cities of this size.

Mr. ROSE. But that does not help us. It is the quantity of this one card, it is not the general number.

Mr. CRUMPACKER. Do you mean to say that a thousand of this one card would supply the United States?

Mr. ROSE. No; that is not the method of manufacture. These goods are made to order, and the view cards of Washington will sell in Washington.

Mr. DALZELL. I do not understand that you are complaining of the German cards that represent American cities, but post cards generally?

Mr. ROSE. Generally, yes. But following this one subject, while I am at it, I had occasion to investigate the price paid for labor on plates in Germany as compared with America. They pay their artists from 18 to 35 marks per week; 35 marks is about the pay for the best men they have over there. We pay for the same class of labor from \$15 to \$35 per week. There the etchers receive from 24 marks to 30 marks a week, while ours receive from \$24 to \$30 a week; in other words, we are paying more than four times as much for labor as they are, and it is absolutely impossible for us to compete with them.

Mr. DALZELL. The duty now is 5 cents a pound.

Mr. ROSE. Five cents a pound; yes.

Mr. DALZELL. What do you suggest the duty ought to be?

Mr. ROSE. The duty on these cards ought to be not less than 50 to 75 per cent ad valorem, or 35 cents per pound.

Mr. UNDERWOOD. Does that make a prohibitive duty?

Mr. ROSE. Not at all; no, sir. Thirty-five cents per pound would amount to \$2.80 a thousand cards.

Mr. UNDERWOOD. You say that they can lay a thousand cards down for \$9?

Mr. ROSE. Yes.

Mr. UNDERWOOD. What can you produce them for?

Mr. ROSE. Eighteen to twenty dollars.

Mr. UNDERWOOD. With \$2 a thousand, you would not be any better off than you are now?

Mr. ROSE. It would be \$2.80 a thousand, and that would make quite a big difference.

Mr. UNDERWOOD. \$11.80 as compared to \$18 cost in this country? That is a strong argument for a revenue duty, I must admit, but for a protective duty I do not see where you would come in.

Mr. ROSE. We would come in in this way, and particularly on the other style of cards. I am more interested in other cards than I am in these. We do not publish these at all. We publish Christmas cards, holiday cards, general greeting cards, and art cards. In cards of that kind, where we print the stock, it would be a very fine protection.

Mr. GAINES. On the cards kept in stock, the duty would protect you, would it not?

Mr. ROSE. Very much; it would be a fine protection.

Mr. UNDERWOOD. On the cards kept in stock now, what is the volume of business in this country?

Mr. ROSE. Well, I suppose there are made in this country several million dollars' worth.

Mr. UNDERWOOD. What are the importations on cards kept in stock?

Mr. ROSE. It is very difficult for me to answer that, because post cards come in as post cards, without any classification at all.

Mr. UNDERWOOD. What is the total importation of this class of cards, post cards and all?

Mr. ROSE. All post cards from Germany alone, in 1907, were 755,000,000 and some odd thousand.

Mr. UNDERWOOD. In dollars and cents, what was it?

Mr. ROSE. I do not know, but I can tell you about what it would be.

Mr. UNDERWOOD. About what?

Mr. ROSE. About six or seven million dollars, I should say. That is only an estimate, you understand.

Mr. UNDERWOOD. What percentage of that are postal cards; can you make an estimate?

Mr. ROSE. All postal cards; nothing but postal cards.

Mr. UNDERWOOD. That does not include the cost of the stock then at all; you have no information as to the amount of cards that come in in stock?

Mr. ROSE. Those are what we call stock-view cards. There is another class of cards—if you would like, I can show you the class of cards to which I refer.

Mr. GAINES. Let us see them so that we may understand it.

Mr. HILL. Just a moment. How much does a thousand of this class of cards weigh?

Mr. ROSE. From 7 to 15 pounds.

Mr. DALZELL. I see, Mr. Rose, that when post cards were before us before complaint was made that there was no uniformity of duty at the various custom-houses. At some places they came in at 5 cents a pound as printed matter, others as lithographed cards at 25 per cent ad valorem, and at other places still higher rates under various classifications. What do you know about that?

Mr. ROSE. I know that some come in at 5 cents a pound.

Mr. DALZELL. Where have you had experience upon that?

Mr. ROSE. Through importers of certain cards.

Mr. DALZELL. At what port?

Mr. ROSE. Philadelphia.

Mr. DALZELL. Is it 5 cents per pound there?

Mr. ROSE. Five cents a pound there, as a rule; yes.

Mr. CRUMPACKER. Is there any distinction made between the cards? I see some of these contain mottoes.

Mr. ROSE. Yes.

Mr. CRUMPACKER. Are those admitted as printed matter?

Mr. ROSE. They all come in as post cards; everything as a post card.

Mr. DALZELL. There is no such classification in the tariff law as a "post card?"

Mr. ROSE. As lithographed matter. These are the ordinary two-for-5-cents post cards, so called [handing samples of cards to members of the committee].

Mr. McCALL. They do not come in as works of art?

Mr. ROSE. No; I do not think they do. Here is another class of card. Here is a card that comes in at 5 cents a pound also. These are what we call air-brush cards [handing cards to members of the committee].

Mr. DALZELL. Is this a foreign card [indicating]?

Mr. ROSE. That is made in my shop—all made in my place.

Now, you asked me what I know about the tariff. There is a hand-made card [indicating], and it comes in, I suppose, under the head of manufactures of silk, and supposed to pay a duty of 50 per cent.

On Tuesday of this week I was in New York and I showed that card [indicating] to an importing house. He told me that he, at certain prices, imported similar cards. I asked him how it was possible for him to import those cards at that price at a duty of 50 per cent. He said that he got them through the post-office in small lots and did not have to pay duty. Of course, I do not know how he did it, but it seems that he did.

Mr. GAINES. What is your duty on cards similar to that?

Mr. ROSE. Five cents a pound.

Mr. GAINES. How many in a pound?

Mr. ROSE. From 7 to 8 pounds a thousand.

Mr. GAINES. What do they sell for?

Mr. ROSE. Two for 5 cents for the card that I showed you. These are the handmade cards.

Mr. CRUMPACKER. Was any duty paid on these cards that came through the mails?

Mr. ROSE. He told me that he didn't have to pay the 50 per cent duty. What he did pay I do not know.

Mr. HILL. What is the duty on that [indicating]?

Mr. ROSE. If properly classified, that is supposed to come in under the 50-cent duty as silk goods.

Mr. CRUMPACKER. Is this one of the kind that came in through the mails without duty [indicating]?

Mr. ROSE. Without duty. I suppose.

Now, as to these handmade cards, they ought not to come in under 75 per cent duty. That is practically all labor, every bit of it, and that is the class of labor, the particular class, that certainly ought to have protection more than any other class. Men can take care of themselves, but that labor certainly should be taken care of.

Mr. LONGWORTH. Is this card mailed [indicating]?

Mr. ROSE. No; those are put in a little box, with the words "post cards" labeled on the box. They are called post cards, but they are not post, they are greeting cards.

Mr. HILL. Did I understand you to say that you imported 800,000,000 last year?

Mr. ROSE. Oh, no; I did not import 2,000.

Now, this is another class of work [handing samples of cards to members of the committee]. That comes in under that same heading.

Mr. DALZELL. This is not a post card. Does this pay the same duty as a post card?

Mr. ROSE. It pays 5 cents a pound.

Mr. DALZELL. I do not see why it should. Is it printed matter?

Mr. ROSE. Lithographed matter. As a matter of fact, that particular thing is an air-brush card. It is all hand work, but they let them come in as lithographed matter.

Now, here is a sample of the calendar work [showing].

Mr. BONYNGE. Does this come in under the same duty, this card that I have?

Mr. ROSE. Five cents a pound. That, however, comes in at 25 per cent duty.

Mr. FORDNEY. What particular port does that come in?

Mr. ROSE. Through the port or the appraiser, I suppose.

Mr. FORDNEY. But pardon me, I do not think you understand. Do you mean to say that one appraiser would admit that at 5 cents a pound and another will charge 25 per cent ad valorem?

Mr. ROSE. They seem to do it. There seems to be some doubt as to what is lithographed and what is printed; but most of that stuff in New York comes in at 5 cents a pound.

Mr. HILL. They can not come in at 5 cents a pound under the law now?

Mr. FORDNEY. But he says that they do.

Mr. LONGWORTH. What is that called [indicating]?

Mr. ROSE. That is hand worked. That would come in either as lithographed matter or as printed matter at a duty of 25 per cent, and we can not compete with a 25 per cent duty.

Mr. HILL. The 25 per cent duty is limited to not to exceed 35 square inches, while that is a good deal more.

Mr. ROSE. Then what rate would they come in on?

Mr. HILL. I have not discovered that yet, but I think they would come in at 8 cents.

Mr. DALZELL. Could you make a description of these various things that would differentiate them so that proper duties could be put on?

Mr. ROSE. Certainly, yes; for instance, if that card [indicating] came in at 8 cents, it would not have any protection whatever.

Mr. DALZELL. I understand, but will you file with the committee such a description of these various things as would enable us to differentiate them in the tariff bill?

Mr. ROSE. I will do that, although probably they will all come in under one heading.

Mr. HILL. The question as to whether it is 8 cents or 35 cents ad valorem is dependent upon the thickness of the paper, and I have no knowledge of what the thickness of this paper is, whether it is one one-thousandth or twenty one-thousandths of an inch.

Mr. ROSE. I can not tell you myself. I can give you an idea of what we have to contend with in the way of labor. Here is something that I bought right here in Washington [indicating]. We pay for a set of paintings like that from \$15 to \$25 apiece. That is artists' work. We buy them in Germany from \$2 to \$3 apiece. If there is any industry on earth that ought to be protected, it seems to me that anything that adds so much to art and education of the American public is entitled to consideration, if we have this market, or at least the share of it that we are entitled to. Then there would be ten times as many artists and designers here as there are now. The United States Government certainly would not be any loser by making this tariff what I claim it should be, because there will always be more or less cards imported on account of the novelty of design, irrespective of price. The dealer would not have to pay any more and the consumer will not have to pay any more for the cards. There are popular prices at which the consumer buys post cards—two for 5 cents, 1-cent card, the 5-cent card, and a few at higher prices. There are established prices to the jobbers and established prices to the retail dealers for this class of cards.

There is an initial cost of from \$300 to \$500 for drawing and making the original plate. If we print 1 sign or 1,000,000 this initial cost of preparation is the same. If we print a smaller quantity the proportion of cost is larger than if we print a larger quantity. No-

body will be hurt by this duty, except the foreign laborers and manufacturers and the importers who import from 25 per cent to 50 per cent of the amount used in this country. The importers do nothing except to sell goods. They only have a few clerks and salesmen. They are of no help to the industry. Of course, they go around the country and say that they can take orders cheaper than our home manufacturers, and why can they not? Unfortunately that is true, and we can not deny it.

Unfortunately it is true, also, that there is only one place in America where the American manufacturer is protected, and that is in Canada. We have 33 per cent better duties in Canada as against the Germans, and, as a consequence of that, Canada is a better market than the United States itself.

I want to call attention to this and to say that if a duty is made on post cards, it should include post cards that are imported in sheets, ready to print.

Mr. DALZELL. Is this specifically named in the tariff bill?

Mr. ROSE. Yes, sir.

(The chairman called the name of Mr. Livingstone, who failed to respond.)

STATEMENT OF MR. LOUIS INGRAM, PRESIDENT OF THE INGRAM-RICHARDSON MANUFACTURING COMPANY, OF BEAVER FALLS, PA.

Mr. INGRAM. Mr. Chairman and gentlemen of the committee, we represent the manufacturers of enameled-iron signs. Up to within ten years ago the greater part of this work was done in England.

Mr. DALZELL. What duty does it pay?

Mr. INGRAM. Forty per cent, and comes under porcelain plates. In England it is quite a large industry, as they have 14 or 15 factories making it. Up to about ten years ago we could not make this goods in this country, because we did not have the experience and we did not know how to work it, but now we can make it as good as they can make it in England. We have built up the business in this country, and I do not think now that there is more than 10 per cent of the work imported. I do not want to ask for an increase of duty, but I simply want to protest against the duty being taken off.

Mr. DALZELL. I do not see where it comes in under the head of porcelain.

Mr. INGRAM. It comes in under the head of porcelain plates.

Mr. HILL. It is in paragraph 159, wares or articles, enameled or glazed.

Mr. FORDNEY. What is it that you want?

Mr. INGRAM. We want the duty to remain as it is now.

Mr. UNDERWOOD. What is the value of this business now?

Mr. INGRAM. It was about \$200,000 last year.

Mr. UNDERWOOD. What are your competitors doing?

Mr. INGRAM. I presume that we do as much as all of the others put together.

Mr. UNDERWOOD. Then the amount of the business would be about \$400,000?

Mr. INGRAM. Yes, sir.

Mr. UNDERWOOD. What is the amount of the importations?

Mr. INGRAM. I can not tell it exactly, but it can not be much more than \$50,000.

Mr. UNDERWOOD. About \$400,000 worth was produced here and about \$50,000 worth imported?

Mr. INGRAM. Yes, sir.

Mr. UNDERWOOD. You control about 80 per cent of the American market under the present duty?

Mr. INGRAM. No; we control about 50 per cent. We make about 50 per cent of the amount of goods.

Mr. UNDERWOOD. I am talking about the entire trade.

Mr. INGRAM. Yes; the entire amount made in this country.

Mr. UNDERWOOD. There is about 80 per cent of it made in America and less than 20 per cent imported from abroad?

Mr. INGRAM. Yes, sir. Formerly we could not produce it in this country. We did not know how to handle the matter of enameling, and to show you the difficulty that there was, there have been about eight firms who are now defunct, having gone out of the business. They could not overcome the difficulty and compete with England.

Mr. UNDERWOOD. How does the labor cost compare with the cost of the material?

Mr. INGRAM. We do \$205,000 worth of that business and the labor cost is \$65,000, or about 30 per cent.

Mr. UNDERWOOD. And the balance is material and fixed charges?

Mr. INGRAM. Yes; and selling expenses.

Mr. UNDERWOOD. What is the labor cost in England?

Mr. INGRAM. I worked in one of the principal factories in England from the time I was 14 years of age until I became 21 years of age, when I came to this country. We pay our men from \$2 to \$2.25 a day, and some men work over there for about \$7 a week.

The CHAIRMAN. You say that you have only been able to produce it within the last ten years?

Mr. INGRAM. Ten years ago more than 50 per cent of it was imported, and now only about 10 per cent of it is imported.

The CHAIRMAN. What is the amount of the production?

Mr. INGRAM. About \$400,000 worth per year.

The CHAIRMAN. And how much imported?

Mr. INGRAM. About \$50,000 worth.

The CHAIRMAN. That included goods that are enameled or glazed and everything under the 40 per cent paragraph?

Mr. INGRAM. Yes, sir.

Mr. UNDERWOOD. You were giving the labor cost in England.

Mr. INGRAM. I was going to speak of our designers. The sign which I have showed you is a plain, plated advertising sign in two colors. That is the one which is principally used by advertisers in the United States.

Recently two men came from England and I hired them. I pay one \$22 per week and the other \$25 per week. One of those men, in England, only got \$6.50 per week and the other \$7.50 per week. That shows the difference in the rate of wages in that particular kind of work. When I worked in England I got \$12 per week.

Mr. UNDERWOOD. Are wages in England one-third less than they are in this country?

Mr. INGRAM. A good deal less than that. We pay anywhere from 50 per cent to 150 per cent more wages. Most of this work is done

by female labor. We use about 45 girls. We can not hire a girl for less than \$4.50 per week. The girls do the lettering and the assorting and get 75 cents per day.

Mr. UNDERWOOD. How much do these girls get in this country?

Mr. INGRAM. From \$6 to \$10 per week.

Mr. UNDERWOOD. And what do they get on the other side?

Mr. INGRAM. I know of one girl on the other side, whom I understand has been in the same factory twenty-five years, and she gets \$4 per week. They pay girls over there anywhere from \$2 to \$3 per week. We can not start a girl in here who is over 16 years of age for less than \$4.50 per week.

Mr. UNDERWOOD. What is the average difference in the labor in America as to percentage? In other words, what would be the difference in the percentage between England and America as to labor?

Mr. INGRAM. It is about one-third.

Mr. UNDERWOOD. So that in America a dealer would estimate an average of 33 $\frac{1}{3}$ cents as the difference in wages?

Mr. INGRAM. Yes, sir.

Mr. UNDERWOOD. Then, of the cost of this product, the wage cost, of making these signs is 30 per cent. The difference in the wage cost here and abroad would be 20 per cent and the difference in the tariff and wages would be 25 per cent of the cost?

Mr. INGRAM. Yes, sir.

Mr. UNDERWOOD. You are asking 40 per cent?

Mr. INGRAM. Yes, sir.

Mr. UNDERWOOD. Then, there is a protection over and above the labor cost?

Mr. INGRAM. Yes, sir; but that does not take into consideration the cost of selling.

Mr. UNDERWOOD. They have to pay the same amount of money for selling the product here that you have to pay?

Mr. INGRAM. Yes, sir.

The CHAIRMAN. Do you buy or make your steel sheets?

Mr. INGRAM. We buy them. It costs 24 cents laid down in this country. We have sold a good deal of that at a less price. We have sold that as low as 20 cents a foot, which is only a 5 per cent margin.

Mr. HILL. Is this only one of the items that you make?

Mr. INGRAM. That is one of our articles called the "glazed sign."

Mr. HILL. Is your business exclusively that of making signs?

Mr. INGRAM. Yes, sir.

Mr. HILL. This is not similar to the big order business, such as the manufactured tableware, dishes, etc., which also come under this classification in paragraph 159? Yours is a peculiar or special business?

Mr. INGRAM. It is.

Mr. HILL. Is there anybody in competition with you?

Mr. INGRAM. There are four other firms.

Mr. HILL. I mean competition from abroad.

Mr. INGRAM. We do have some, but we have practically killed the English competition.

The CHAIRMAN. Do you want the duty increased?

Mr. INGRAM. No, sir; we are able to hold our own with England at a duty of 40 per cent. It is just about all that we can do to hold our own at that rate.

Mr. FORDNEY. You want that rate retained?

Mr. INGRAM. Yes, sir.

The CHAIRMAN. You say that you can hold your own?

Mr. INGRAM. Yes, sir. In England it is a regular business. There are 10 or 15 concerns making these signs in England, and the reason why the American advertisers do not use so much of these is because we do not make a standard. In England a man buys a sign and wants it to last ten years. They use more of those over there than we do in this country. There is not a great deal of demand in this country for that kind of work.

The CHAIRMAN. Do you make any signs of the class where they are used for distributing, where they use large quantities of the same thing with the same wording?

Mr. INGRAM. Yes, sir; for instance, we got an order for an advertisement, like the "Tom Keene" cigar. We are making 5,000 of those signs. They can buy those signs in England, now, cheaper than we make them. We can, however, make them for quicker delivery. That is the only way in which we have the advantage of competition with England.

Mr. NEEDHAM. Can you give us a list of those doing business of this kind abroad?

Mr. INGRAM. I can give it to you up to within the last three or four years. Last year we took an order from the Continental Insurance Company of New York—an order that we had been trying to get for five years. We had never been able to make a price that would compete with those English signs. We did not make any money on that order; but we wanted to take it as a matter of pride.

STATEMENT OF MR. LUCIUS B. EASTMAN, JR., OF NEW YORK.

Mr. Chairman and gentlemen of the committee, I was asked to come here and appear in the name of the Mills Brothers Company, of which I am a member; but I represent here also a committee of the New York Dried Fruit Association, and perhaps I had better appear in the name of the New York Dried Fruit Association. I have a brief which I would like to file in the name of the New York Dried Fruit Association.

The CHAIRMAN. Is it a brief or a statement?

Mr. EASTMAN. It is a statement covering the subject of dried fruits. It is a brief, or an argument, and I would like to facilitate the matter by placing it before you. I have copies of the brief here.

The CHAIRMAN. It may go into the record.

Mr. EASTMAN. The articles which we are bringing before you this morning are all articles of food, articles of necessity; and we are asking in the last case for a decrease of duty, because of the fact that they are articles of food, articles of necessity, that are used by the poorer classes of people of this country.

Mr. FORDNEY. How much do you want the duty reduced?

Mr. EASTMAN. It appears in the brief. I treat each article by itself in the brief. The portion of the tariff act which covers it are paragraphs 240 and 270, currants, figs, dates, and things of that nature.

In every case where we have asked a change it has been a reduction. In every case where we have asked reduction it has been in articles which are produced in this country, or articles which do not compete in any way and are peculiar food products, which are produced in this country.

The amount of revenue which we are bringing into this country is about \$4,000,000 at the outside and the reduction that we are asking probably would not make any material difference in the revenue. The first article of which I will speak is currants. One gentleman who appeared here to represent the people in California made some extended statements in regard to currants. While we do not wish to criticise anyone in any way, yet one of the gentleman who appeared before you did not give the full facts before the committee.

The CHAIRMAN. I think we understand pretty well that currants are not grapes.

Mr. EASTMAN. I did not want to have that misunderstood.

Mr. FORDNEY. It was said that they took the place of grapes for some years.

Mr. EASTMAN. Yes, sir; I would like to speak of that. That is covered in the first two or three pages of the brief which I have presented from the Mills Brothers Company. I was asked to take this before the Congress of the United States and to explain that the currant is not a raisin and can not be so termed. I was interested in looking at the Wholesale Grocer, giving the grocery trade in 1848, and I found that the grocers handled raisins, currants, spices, etc. I have quoted, on page 3 of the brief, that Congress fully understood the situation in the legislation on these currants, and that there is nothing in the United States except the Zante currants.

The CHAIRMAN. We are satisfied that currants are not grapes.

Mr. EASTMAN. Yes, sir.

Mr. CRUMPACKER. One gentleman stated that the Zante currants imported were, in fact, the seedless grapes; that these grapes were the commercial currants.

The CHAIRMAN. We know that they come in under the duty of this paragraph.

Mr. NEEDHAM. As a matter of fact, do they not come in direct competition?

Mr. EASTMAN. There is no competition. If it is at all interesting to the committee, I have samples here of these seedless and Muscatel grapes, and it can be seen that they are not the same thing. I will show them if the committee are interested in looking at them.

Mr. NEEDHAM. Have you a sample of the Zante currants?

Mr. EASTMAN. I have samples of the seedless Muscatel grapes, and also samples of the cleaned and uncleaned currants. I want to call particular attention to the fact that there is no direct competition between the currant and the raisin. The currant is used by the poorer class of people.

Mr. GAINES. Which of these samples is the Zante currant?

Mr. EASTMAN. The only currant before you is the Zante currant. As a matter of fact, as stated by the gentleman from California, California is not able to raise currants. There is only one place in the world where dried currants of commerce are raised, and that is on the Grecian Archipelago. They are brought from there into this country in an unclean condition, and taken to the factories and sold

in packages. There is no question as to whether they are competing with the raisin. There are three or four facts I would like to present in that respect. They are imported into California itself and go into the cities of Los Angeles, San Francisco, and Seattle. They go there in larger quantities than they do in any other part of the United States. The Mills Brothers Company send them to the western coast from New York City. Those currants are sent to supply the trade.

Mr. NEEDHAM. The gentleman from California only referred to the Zante currants.

Mr. EASTMAN. Yes; this is the Grecian currant.

Mr. NEEDHAM. Do you mean to say that there is no other class of currant except the Zante currant imported into the United States?

Mr. EASTMAN. I think that I am making a fair statement when I say that there are no Zante currants imported into the United States. Am I not correct about that [referring to another gentleman in the audience, who answered that Mr. Eastman was correct]? When a tariff was placed on currants it was only placed on the Zante currants. They are not grown in Zante, but in other places in Greece. When we speak of the Zante currant we mean currants raised in Greece.

Mr. NEEDHAM. You say that there is no difference between the Zante and other currants?

Mr. EASTMAN. No, sir.

Mr. NEEDHAM. When you go into the market to buy currants do you always get the Zante currants?

Mr. EASTMAN. Yes, sir. There are some currants known as the fresh garden currant, which grows on the ordinary currant bush. The dried currant is the Grecian currant.

The CHAIRMAN. I find that in 1896 it was found from the separators' reports that there were imported into the United States currants to the amount of 1,900 pounds, and also other currants free of duty.

Mr. EASTMAN. If you will allow me, I will state that I have with me a large number of importers who have had experience much more than I have. Mr. Daring and others are here, representing R. C. Williams. They can go into that question fully. That has to do with the peculiar wording of the tariff at that time. The principal currant of the world grows in Greece. I want to call particular attention to the fact that in 1908, according to the records, 3 per cent of the importation of currants in the United States went to California, and the remainder was used by the other States. And if the same amount was used by the other States as was used by California, there would be four times as many currants used in the United States as there are at the present time. This shows that in the Western States, where raisins are grown as an article of food, currants can not take the place of raisins. I also want to call your attention to the fact that the duty on currants, which we say and contend is an article of necessity and an article of food used by the poor people, that the present duty is equivalent to an ad valorem duty of 50 to 70 per cent, or 90 per cent of their value. In other words, during the last three years they averaged a valuation of 66 per cent on this food product, as compared with the duty on silks of 76 per cent, linen 46 per cent to 60 per cent, and jewelry 60 per cent. In other words, the currants were taxed on the basis of a luxury. The main thing to

which I wish to call attention is the present duty on currants of 2 cents a pound. We are asking that uncleaned currants be put on the free list. Cleaned currants ought to be taxed 1 cent a pound. They are all cleaned in this country. They are brought in in an unclean condition. We have had a large development of factories and machinery for the purposes of cleaning them.

Mr. BONYNGE. What do you mean by cleaning currants?

Mr. EASTMAN. They come in in a dirty condition. They are shipped over in barrels containing 350 pounds. About 10 per cent of that is dirt. That is taken by the importers and washed and cleaned and sold in cartons. The cost of cleaning is about 1 cent a pound. My firm pays from \$15,000 to \$20,000 a year wages in cleaning currants. We have factories with machinery installed. I have the affidavit of a manufacturer of these currant-cleaning machines showing that there are over 300 of them, mostly in groceries, and the value of these machines is about \$350 each.

During the last year the Greeks have bought these machines and have taken them over and erected them in their factories, and they are now cleaning currants with the cheap labor over there, and by that means are able to reduce that cost and undersell the currant cleaners in this country. What I would ask you to do would be to make up the difference in the price of the cleaned and uncleaned currants.

Mr. RANDELL. What would be the difference in point of health? If they are cleaned in a foreign country, are they more liable to be dirty than if cleaned in this country?

Mr. EASTMAN. With the same methods of cleaning used in both places; no.

Mr. RANDELL. Is there more danger of their being unhealthy by reason of their being cleaned abroad?

Mr. EASTMAN. The currant is so dry that it will not absorb any of that dirt, and will last for quite a long while, probably six months or a year, and would be in as good a condition as it was before.

Mr. RANDELL. Under an ordinary condition would it not be injured by being cleaned over there where the dirt might not be removed as well?

Mr. EASTMAN. It has not enough moisture in it to absorb very much dirt.

Mr. RANDELL. Don't you think that the question of health ought to be considered before the business of the cleaning of currants?

Mr. EASTMAN. Personally I think we are able to clean currants better than they are cleaned in Greece. As an American merchant I have to advocate that.

Mr. RANDELL. Your plan would be to practically force all of the importers to bring in uncleaned currants and have them cleaned in this country?

Mr. EASTMAN. Yes, sir.

Mr. FORDNEY. You want protection against the cleaners. You do not want a tariff?

Mr. EASTMAN. So far as I am personally concerned, I would be glad if the committee could find its way clear to place currants on the free list. We have endeavored to take each article by itself, and will endeavor to give you a method of treating each article by itself.

Mr. NEEDHAM. What is the difference in the labor cost between Greece and California?

Mr. EASTMAN. I am not familiar with the rates of wages in California.

Mr. NEEDHAM. What is it as to raisins?

Mr. EASTMAN. I have nothing whatever to do with raisins.

Mr. NEEDHAM. You are asking a reduction of the tariff?

Mr. EASTMAN. Yes; but I have nothing to do with any of the California raisins.

Mr. NEEDHAM. You do not ask it on raisins?

Mr. EASTMAN. No, sir; I refer simply to currants. I do not touch raisins.

Mr. FORDNEY. Do you say that there are no importations of Zante currants?

Mr. EASTMAN. There are no Zante currants. That is the name of a locality only. There are no currants grown in that particular spot, but Zante is a name by which they go.

Mr. BONYNGE. All the currants that come here from Greece are known as "Zante currants?"

Mr. EASTMAN. They are treated by that name for the purposes of a tariff.

Mr. FORDNEY. They do not raise any in California?

Mr. EASTMAN. There are none.

Mr. FORDNEY. He said that they were raising them there.

The CHAIRMAN. Not raisins.

Mr. EASTMAN. The gentleman from California did not say that.

The CHAIRMAN. How much do they lose in weight?

Mr. EASTMAN. I can explain that by saying that we import 100 barrels of currants, and clean them and put them into cartons and export them, and on that the Government allows us 7 per cent of the weight.

The CHAIRMAN. I do not care anything about that. You are now manufacturing 100 pounds of uncleaned currants, and how much moisture is there in that amount?

Mr. EASTMAN. I claim that there are 10 per cent.

The CHAIRMAN. You ought to know if you are a manufacturer.

Mr. EASTMAN. I estimate that there are 10 per cent.

The CHAIRMAN. Is that the average?

Mr. EASTMAN. That is the average result.

The CHAIRMAN. How much labor cost is there in cleaning currants?

Mr. EASTMAN. One cent a pound.

The CHAIRMAN. Are you prepared to present to us a table showing that result?

Mr. EASTMAN. Yes, sir. That result has been obtained from time to time by our firm in transacting business and making our figures as to these matters. I have preferred to present that to you and will do so.

The CHAIRMAN. After the recess we will take up this matter further.

(Thereupon, at 11.45, the committee took a recess until 2 p. m.)

(Mr. Eastman submitted the following paper:)

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means, Washington, D. C.:

We, the undersigned, importers and dealers in currants, dates, citron, figs, filberts, and other nuts, beg to respectfully submit to your honorable committee certain changes in the present tariff law relating to the above products, which, based upon our experience, would seem to be advantageous, both to the consumer of these necessities and to the trade.

We wish to point out to your honorable committee that all of the articles to which your attention is directed in the following brief are articles of food of general consumption, used universally throughout the country, but most largely by the poorer classes of our people. Many of the articles mentioned in no way compete with any domestic product, as they can not be successfully raised within the confines of the United States. In the instances in which a similar American product is raised, either the American variety has so firmly established itself in the market that it could not be affected by importations of the raw form of the product or the foreign variety has some peculiarity of its own, so that such a long-established demand has been created for it that no American substitute will be accepted.

In cases where differentials have been asked, such differentials have been requested only on manufactured products and in such instances only such increase as is necessary to equalize the conditions caused by the difference in the cost of American as contrasted with foreign labor, and such as would establish a basis of fair competition between the American manufacturer and the foreign competitor.

The duties, the removal or reduction of which is asked, can not be justified on the ground of revenue alone, because the total revenue from all the articles mentioned in this brief is comparatively insignificant.

I. CURRANTS.

The present law provides that there shall be levied, collected, and paid, etc. Section 264: "Raisins and other dried grapes, two and one-half cents per pound; * * * currants, Zante or other, two cents per pound."

We submit that the law should read: "Currants, Zante or other, provided cleaned, one-half cent per pound; currants, Zante or other, uncleaned, free."

Currants, to the uninformed, may be confused with dried grapes or seedless raisins, but the different classification is one long established and universally recognized. The currant has never been classified as a raisin or dried grape, although argument has been made before this committee (see statement of Mr. M. F. Tarpey, of Fresno, Cal., p. 657, first print No. 8, Tariff Hearings, Sixtieth Congress) in favor of raising the tariff on currants with the evident purpose of misleading your committee into the belief that "all so-called currants" in the coming tariff schedule should be required to be labeled and marketed "as what they really are, viz, seedless raisins." This attempt by change of nomenclature to impose a duty on an article for which no valid reason would support a direct levy has been be-

fore previous Congresses and before the courts of California and of the United States. It has been decided by the United States circuit court of appeals, in construction of the tariff act of 1894, that "commercially"—by which classification the law was interpreted—"they (currants) are not known or classified as such (raisins or dried grapes)." In the case of *The Hills Brothers v. United States* (U. S. circuit court of appeals, 99 Fed. Rep., 264) an action was brought to determine whether the term "raisins and other dried grapes," as used in tariff act of 1894, included the term "currants."

After quoting the California court, holding that the currant of commerce belonged to the grapevine family and when on the vine was a small-sized grape, and so, when dried, must be a dried grape or raisin, the court says:

The conclusions of the California court that these dried fruits "are a kind of raisin" and "are grapes dried" are abundantly supported by the record. Scientifically and botanically they are "raisins or other grapes," but popularly and commercially they are not known or classified as such. The testimony of qualified experts—not the botanists, but the trade experts * * *—is overwhelmingly to the effect that in trade and commerce in this country, at and prior to 1894 (and, indeed, at all times), these dried currants never have been known or classed as raisins or as dried grapes, which are different and well-known articles of commerce. Now, it is manifest that Congress fully understood this situation, and legislated upon that understanding, that these so-called "currants" would not become dutiable as a part of the family of raisins or dried grapes unless they were specifically referred to, and therefore Congress used the phrase "raisins and other dried grapes, including Zante currants." If the contention of the Government was sound, the words "including Zante currants" would be entirely superfluous. But we must assume that Congress was satisfied to the contrary, and certainly the testimony now before the court shows quite clearly that the congressional understanding as to trade classification and nomenclature was correct.

It appears, moreover, that Congress has known for a long time that there were to be expected among the importations, which its successive tariff acts would cover, not only "Zante currants" but also "other currants." Thus, the Revised Statutes imposed a duty of 1 cent a pound on "currants, Zante or other" (Schedule M); and the act of 1883 imposed a like duty, by paragraph 283, on "currants, Zante or other." The act of 1890 put all currants on the free list by the use of the same phrase in paragraph 578, "currants, Zante or other;" and the same words are found when all currants are, in the act of 1897, again made dutiable, the paragraph reading:

"Par. 264. Figs, plums, prunes, and prunelles, two cents per pound; raisins and other dried grapes, two and one-half cents per pound; dates, one-half of one cent per pound; currants, Zante or other, two cents per pound."

Incidentally, it may be noted that this paragraph accentuates the fact that Congress distinguishes between dried grapes and these so-called "currants" from the Levant, for it imposes different rates of duty upon them.

Surely, this committee does not now wish to depart from a classification, fixed and determined by commercial usage at "all times" and recognized by Congress in successive enactments for the past twenty years, and approved and affirmed by the next highest court of the United States. If it is deemed necessary to change the schedule, we feel sure that your committee will change it directly under its recognized classification, and will not resort to the subterfuge of indirect change from long-accepted and settled classification.

There is no reason, in fact, for any increase of duty, or for any duty whatever, except on the finished or cleaned product. There is no direct competition between currants, Zante and others, and California fruits most similar thereto—the dried grape or seedless raisin for the reason that the commercial imported currant grows nowhere else in the world than in certain parts of the Grecian Archipelago.

The decision cited above recites the fact that fruits of the peculiar variety known as currants reach perfection only in the islands of the Grecian Archipelago, or on the neighboring mainlands of Greece and Asia Minor. The difference between the California fruit and the Greek currant is clearly recognized by the trade and by the consumer; the two being used for different purposes. California, or any part of our own country, has been unable to successfully raise this fruit, the soil of a small portion of Greece being the only place where they can be successfully raised. Currants are used almost entirely in cooking, largely in bread, pastry, etc., the California seedless raisen not being adapted, on account of its larger size, etc., for this purpose, and when used is only used in higher products, such as cakes, etc. The currant is consumed and used almost entirely by the poorer classes of our people. They are sold in mining districts, railroad centers, etc.; in fact, wherever large forces of laborers are gathered. These classes demand them, having become in many instances familiar with them in foreign countries before their migration here, and they will not accept the California dried grape as a substitute. Any increase of duty would bear directly upon them.

In no place more than in California, where, if anywhere, the domestic seedless raisin would be expected to be used as a substitute, is the distinction between the two varieties of fruit made manifest and the impossibility of forcing the seedless raisin upon the public in place of the imported currant demonstrated. Of the 38,392,779 pounds imported annually into the United States the San Francisco custom-house alone shows the receipt of 1,480,437 pounds for the period from August, 1907, to November, 1908. If the country at large consumed currants in the same ratio as they are consumed in California, the importations would be at least four times what they are now. The fact of a distinct and exclusive demand for the currant as such is thus conclusively shown.

The present duty of 2 cents per pound is equivalent to an ad valorem duty of from 50 to 90 per cent. The present duty upon this article of food constitutes 64 per cent of its cost as compared, for instance, with the present tax upon such luxuries as silks of 76 per cent of cost, linen 45 per cent to 60 per cent of cost, jewelry 60 per cent. Such a duty upon an article which can not be raised in this country and so does not directly compete with any American producer, which is used as a necessary almost exclusively by the poorer classes of our people, which does not produce any appreciable revenue, is clearly excessive, and we submit should be removed. We ask that uncleaned currants be placed upon the free list. The justice of this request was recognized by the late President McKinley, who recommended the placing of currants on the free list in his second annual message to Congress on December 5, 1898. (See excerpt attached hereto and made part hereof, marked "Exhibit A".)

We ask, however, that a duty of at least one-half cent per pound should be placed upon the cleaned dried currants. The present law makes no distinction between the cleaned and uncleaned fruit. This classification of "cleaned and uncleaned" currants receives general recognition commercially and has also been recognized by the United States Government in its interpretation of tariff acts. The dried uncleaned fruit comes in barrels weighing about 330 pounds each,

each currant having part of the stem still attached and being mixed with a great deal of dirt and sand. Practically no business whatever is done in selling the uncleaned fruit as it arrives. All large importers have developed a process of cleaning the uncleaned fruits, repacking them in smaller packages, and thus distributing them. All the business in currants is now transacted in this manner. For this cleaning process, which supplies our people with an article which can not be domestically produced, the importers and manufacturers have invested large sums in plants, machinery, etc. In the cleaning process American labor is employed at good wages. For instance, one of the subscribers hereto imports from 15,000 to 20,000 barrels of uncleaned currants per year, the cost of which is about 6 cents per pound, duty paid. During the year, in process of cleaning and repacking in cartons at its factory in New York, it pays out from \$15,000 to \$20,000 per year in wages, employing as high as 100 persons at a time for such work. It is necessary to figure on an outlay of at least 1 cent per pound for cleaning.

Within the last few years the Grecian growers have, with their cheap labor, been cleaning and packing in cartons the currants and shipping them in this form to the American market. They thus pay less duty upon more currants than the American importer (because of dirt in uncleaned article on which duty is paid), and by reason of difference in price of labor the foreigner undersells the American manufacturer. The cost of production between the two is further enhanced by difference in cost of cartons and cases made in American factories from American lumber in which American-cleaned currants are packed and those manufactured in Greece by Grecian labor in which Grecian currants are packed.

This cleaning business was conceived by the American manufacturer, and was until a few years ago a distinctive American industry. The machines used in the process are American inventions, manufactured by American labor and sold by American dealers. Over 300 of them are now in use in the United States. Recently, however, the Grecian manufacturer has purchased these machines, which he operates with labor costing 25 cents a day, as contrasted with American labor at \$2 per day. (See affidavit of Edward B. McKay, attached hereto and made part hereof, marked "Exhibit B.")

It is impossible for the American importer and manufacturer to compete under these conditions with the Greeks. The investment in plants already made will be lost and the opportunities for American labor will be curtailed and the small profit heretofore made by the American manufacturer and importer will be destroyed unless the situation is remedied by the imposition of a higher duty upon the "cleaned" as distinguished from the "uncleaned" currant.

The placing of "dried" uncleaned currants upon the free list will, on the other hand, while not competing with any American product or producer, increase the business of cleaning and repacking, with its consequent enlarged opportunities to labor, protection to investments already made, and result in lower price for the finished product to the consumer. The latter would naturally follow the removal of the tariff.

We accordingly ask that the duty on "uncleaned dried currants, Zante and other," be removed and that a duty of one-half cent per pound be imposed upon "cleaned dried currants, Zante and other."

II. DATES.

Section 264 provides for payment, etc., as follows: "Dates, one-half of one cent per pound."

They should be added to the free list. This section covers green, ripe, and dried dates, and does not include any form of preserved dates, which are properly covered by section 263.

Dates do not come into competition with any domestic fruit at all. They have not been successfully grown commercially in this country, although the United States Government has conducted experiments to this end in the deserts of Colorado and Arizona. All of the demand is filled by the imported article. They are not a luxury, but a necessary, and used as such very largely by the poorer classes of the country. No good argument can be advanced for the further retention of any duty upon such an article of food.

On the contrary, the remission of the duty on the raw fruit would stimulate the business of the American manufacturer in preserving, stuffing, and otherwise treating the fruit, in which large sums are now invested, thus giving further opportunity of employment to American labor and undoubtedly reduce the price to the consumer. We therefore ask that the present duty on the raw product be removed.

III. CITRON.

The force of the argument above given is recognized by the present provisions of the tariff act in relation to citron. The raw product is now admitted free of duty; the preserved or treated product is taxed 4 cents per pound. This difference fairly equalizes the cost of production of the finished or treated product, as between the foreign and the American manufacturer, and we ask that these provisions be left unchanged.

IV. FILBERTS, SHELLED ALMONDS, BRAZIL NUTS, AND WALNUTS.

The present law imposes the following duty:

270. Filberts and walnuts of all kinds, not shelled, three cents per pound; shelled, five cents per pound.

Upon almonds, shelled, 6 cents per pound; not shelled, 4 cents per pound. Brazil nuts are admitted free of duty.

Filberts, not shelled, should, like Brazil nuts, be placed upon the free list. The duty on almonds should be substantially reduced, i. e., on not shelled, from 4 cents to 2 cents per pound; on shelled, from 6 cents to 4 cents; on walnuts, the present rate should be reduced from 5 cents per pound on shelled to 3 cents per pound; on unshelled, from 3 cents to at least 2 cents. Brazil nuts should be continued on the free list.

The filbert nut, as well as the Brazil nut, is not grown within the United States; neither is any nut with which it comes in competition. No domestic nut has, despite the fostering tariff, taken nor can take its place. It fills a long-established and well-recognized demand. Under such circumstances the same reasons that placed the Brazil nut upon the free list apply with full force to the filbert, and both varieties unshelled should be admitted free.

Almonds.—The California market never has and can not come anywhere near supplying the demand for almonds. The domestic product has never been more than a small fraction of the entire consumption, the importation last year, for instance, of almonds being 14,233,613 pounds, while California produced only 1,500,000 pounds. These figures are taken from the statistical section of the California Fruit Grower, issue of December 11, 1907. The crop has never been a satisfactory one for California growers, there having been only one year in which the crop was successful since 1903. The California Fruit Grower in the issue above quoted contains this statement on almonds:

Almond growers in many parts of the State are very much discouraged over the outlook. Several years ago the output in this State amounted to about 3,000 tons, with every indication that it would be largely increased in succeeding years. For the past two or three years, however, it has been falling off to an alarming extent, and to such an extent has this shortage developed that many orchardists are either grafting their trees to fruits or taking them out altogether.

Under such circumstances it hardly seems a wise policy to tax the entire country for the benefit of an industry rapidly being abandoned. For such almonds, however, as California, or our country, can produce there is an assured market, and we believe that a cut of two cents per pound on both the shelled and unshelled, thus retaining the distinction between the raw and treated product, would stimulate the demand and would result in benefit, by wider markets to the domestic grower as well as to the consumer and the manufacturer. We accordingly ask that that be done.

Walnuts.—Under the protecting care of successive tariffs the California or domestic walnut has reached a stage where, because of its superior quality, the imported article no longer competes with it. The domestic article may fairly be said to dominate the market under the present tariff. The total importations of walnuts for the years 1906 and 1907 were 32,597,592 pounds, while the walnut crop in California alone for 1907 was 6,000 tons, or 12,000,000 pounds. The excessive duty placed upon walnuts has fostered and practically established a trust in this article, which fixes and determines the price. In the California Fruit Grower of the same issue, December 11, 1907, under the heading of "Walnuts and almonds," is this statement: "Prices on walnuts were named by the associations on September 21 of this year and were exceedingly high," the associations referred to being the associations of growers.

It is an unfortunate state of affairs when an association can control absolutely the price of any food product of general consumption. We believe that a reduction of the duty now imposed upon unshelled walnuts of at least 1 cent a pound, i. e., from 3 to 2 cents per pound, and upon shelled walnuts from 5 cents to 3 cents per pound, would prevent the cornering of the market and fixing of the price and at the same time would fairly protect the American grower and enable him to maintain his supremacy in the market. It would reduce the price of the inferior imported article to the consumer and would stimulate the entire market. We therefore ask that this reduction be made.

V. FIGS.

The present law provides the following:

264. Figs, plums, prunes and prunelles, two cents per pound.

The duty on plums, prunes, and prunelles, which come in direct competition with the California product, should be retained; that on figs should be removed entirely.

The imported Smyrna fig, constituting the bulk of the imported article, can not be seriously said to compete with the inferior California or domestic product.

The California grower has not yet been able to grow any variety which for quality would compete with the imported article. Notwithstanding the continued high tariff (act of 1890, 2½ cents per pound; act of 1894, 1½ cents per pound; present act, 2 cents per pound; the domestic fig industry has not developed sufficiently to perceptibly affect the market or justify its further encouragement at the expense of the consumer, who in 1907, in spite of the duty, used 24,546,000 pounds of the imported article. The domestic development, such as it is, has not been retarded by importation. (See statement of Mr. Edward F. Woodward, tariff hearings, 1908, first print, No. 7, pp. 439-440.)

In view of this, it is reasonable to suppose that the removal of duty, resulting in larger consumption, will stimulate rather than retard this native development. These facts, coupled with the further fact that the fig is not used as a luxury but is a staple article of food used generally by all classes of our people, would seem to justify the removal of the present duties.

Dated New York, December 16, 1908.

Respectfully submitted.

WILLIAM L. JUHRING,

WILLIAM HILL, Jr.,

LUCIUS R. EASTMAN,

FRANK W. JACKSON,

Committee of New York Dried Fruit Association.

EXHIBIT A.

SECOND ANNUAL MESSAGE.

DECEMBER 5, 1898.

To the Senate and House of Representatives:

The Government of Greece strongly urges the onerousness of the duty here imposed upon the currants of that country, amounting to 100 per cent or more of their market value. This fruit is stated to be exclusively a Greek product, not coming into competition with any domestic product. The question of reciprocal relations with Greece, including the restoration of currants to the free list, is under consideration.

WILLIAM MCKINLEY.

STATE OF NEW YORK. *County of New York, ss:*

Edward B. McKay, being first duly sworn, deposes and says that he is president of the American Fruit Machinery Company, a corporation organized under the laws of the State of Pennsylvania, having its principal office in Philadel-

phia; that said company manufactures patent currant cleaners, currant breakers, raisin stemmers, and raisin seeders, being the largest manufacturers of such machinery in this country; that by reason of the nature of his business he is thoroughly familiar with the business of cleaning and preparing uncleaned currants for the American market; that said business of cleaning currants was conceived and established by American manufacturers and has been built up to its present condition by them; that the business of cleaning currants in the United States has grown to such magnitude that the said American Fruit Machinery Company has now installed their currant cleaners in about 125 different establishments in the United States, there being at the present time about 300 of such cleaners in use within the United States, said cleaners having been purchased at an average price of \$250 each; that said business of cleaning currants is widely distributed throughout the United States, covering both coasts and the entire interior of the country. This appears by the list of houses shown in the catalogue of said company, attached hereto and marked Exhibit A and made a part of this affidavit, in which appears the names of a few of the leading manufacturers, with their locations in which said machines are used.

Deponent further says that until very recently there was no market for their machines except within the United States; that they have within a very short time sold about ten of their cleaners to Grecian manufacturers and several of them in Spain, showing that the ideas of the American manufacturers have been appropriated by the foreigners, who are using the American machines in conjunction with their cheaper labor, thus having a decided advantage over their American competitors.

Deponent further says that in the manufacture of their machinery American labor is employed at the prevailing rate of wages, and that in the opinion of deponent, basing same upon his experience and acquaintance with the business, a substantial reduction or the entire removal of the duty on uncleaned currants and the placing of a sufficient duty on cleaned currants, as distinguished from the uncleaned, to represent the difference in the cost of labor, would be a very great advantage to the entire American grocery trade, who are now engaged in the business of cleaning currants, as well as to the consumer, who would be enabled to purchase the product at a much lower price than it is necessary to charge at present on account of the duty imposed.

EDWARD B. MCKAY.

Sworn to before me this 15th day of December, 1908.

JOHN J. BUDGETS,
Notary Public, New York County.

AFTER RECESS.

The committee met, pursuant to the taking of recess, at 2 o'clock p. m., Hon. Sereno E. Payne in the chair.

STATEMENT OF L. R. EASTMAN, JR.—Continued.

The CHAIRMAN. Mr. Eastman, you were telling me how much it costs to clean these currants. You said it costs 1 cent a pound?

Mr. EASTMAN. Yes, sir.

The CHAIRMAN. It costs that, done by machinery. How many pounds can a machine handle a day?

Mr. EASTMAN. I want to be perfectly fair with you, Mr. Payne—

The CHAIRMAN. Of course you want to be fair; I expect that.

Mr. EASTMAN. And in order to do that, I want to make this statement.

The CHAIRMAN. When you make a general assertion that it costs a cent a pound, it does not go very far. We want the details of it.

Mr. EASTMAN. Yes, sir; I understand. This is only a rough, and I would like to make an affidavit statement later, made up from my pay rolls, if that is more satisfactory to the committee, because any

statement I may make now is simply based on what I have been told by my factory men.

The CHAIRMAN. I understand. A cent a pound does not mean anything.

Mr. EASTMAN. No; it does not, and I would much rather make a detailed statement from actual work in the factory; from my pay rolls and my day's work day in and day out.

The CHAIRMAN. That is what I want you to give me.

Mr. EASTMAN. And I would rather not make a general statement, a statement that really would not be of very much value to you. However, I can tell approximately how I make that up, but I can give you a full and detailed statement later on, if you would rather have that.

The CHAIRMAN. Tell us how it is made up approximately, then.

Mr. EASTMAN. In speaking of a cleaned currant, we mean what it costs us after it has been put in the carton. We include the cost of the carton. We include the cost of the cleaning of the currant up to the time it is put into the carton. Roughly, it is a quarter of a cent for the carton, one-quarter of a cent for the wooden case in which the cartons are packed—

The CHAIRMAN. What was the first item?

Mr. EASTMAN. A quarter of a cent for the pasteboard carton—that is, the package. They are packed in a pasteboard box or carton. And then the wooden case, in which 36 of those are put in order to be shipped, is something that we allow one-quarter of a cent for. We allow one-quarter of a cent for the carton and one-quarter of a cent for the wooden case, and then fifty-six one-hundredths of a cent, or a trifle over a half a cent, for the washing, the cleaning, the putting into the cartons, nailing up the cartons, and all that. Cartons cost one-quarter of a cent, as I have said, and that also includes the tissue paper which the currents are wrapped in when they are put into the cartons.

Mr. CRUMPACKER. Do you allow anything for waste?

Mr. EASTMAN. We do not in that estimate of 1 cent a pound. The waste is in addition.

Mr. HILL. Do you wash your currants?

Mr. EASTMAN. Yes.

Mr. HILL. And then do you dry them?

Mr. EASTMAN. No, sir.

Mr. HILL. Then, do you not gain enough in weight to offset your wastage?

Mr. EASTMAN. Practically not. We tried that out time and time again. No, sir; at least, that is, if you do that you will be put out of the currant business very shortly for giving poor currants. That is, a groceryman does not want a wet currant—

Mr. CRUMPACKER. Do you not dry them?

Mr. EASTMAN. They are dried in passing through the various processes; they dry out in that way, but we do not dry them as they do in California, where they have great big fans to blow over them to dry them. We do not have anything as extensive as that, but they come out cleaner; they go down and are stirred up and are kept moving, and when they get downstairs they are pretty well dried.

Mr. CRUMPACKER. Not as dry as they are when you import them with the dirt and all?

Mr. EASTMAN. No, sir.

Mr. CRUMPACKER. Something is added to their weight by the moisture?

Mr. EASTMAN. Yes; but when we say that there is a 10 per cent waste, I have had tests of over 20 per cent, and the real waste is more than 10 per cent, but we call it 10 per cent, to allow for the extra weight of the moisture.

Mr. HILL. Do you use the same machine that they use for cleaning and stemming in Smyrna?

Mr. EASTMAN. In Greece, you mean.

Mr. HILL. No; in Asia Minor.

Mr. EASTMAN. I do not think there is any such machine used in Asia Minor.

Mr. HILL. I saw them doing it that way when I was over there last year.

Mr. EASTMAN. I can tell you that it is a long cylindrical machine, and the currants go down through it and through a hopper, and there is a stream of water played on them. The only machine I know of is a machine of American invention, made in Philadelphia, and this man tells me that he has sold a good many of them in eastern countries lately.

The CHAIRMAN. When you make up that statement I want you to be particular and put the labor cost into it, each item of the labor cost, the material and the labor.

Mr. EASTMAN. Yes, sir. Would you like to have a statement from more than one manufacturer? I could get two or three statements from different manufacturers, simply to show the general average.

The CHAIRMAN. Yes.

Mr. EASTMAN. I would be glad to do that.

Mr. NEEDHAM. In your statement and also in your brief you state that of the 38,392,779 pounds imported annually into the United States, the San Francisco custom-house alone shows the receipt of 1,480,437 pounds for the period from August, 1907, to November, 1908.

Mr. EASTMAN. Yes, sir; I think that is correct.

Mr. NEEDHAM. And you followed that by saying that all those were consumed in California. Do you mean to be understood as saying that all goods that come through the custom-house in San Francisco are consumed in California?

Mr. EASTMAN. Oh, no, sir.

Mr. NEEDHAM. Have you any figures to show the actual amount consumed in the State of California?

Mr. EASTMAN. I am trying to get an approximate amount as to that, but those figures are hard to get; that amount is really unascertainable. For instance, we took the imports into San Francisco. I am having compiled and will file the imports into the other western ports. Hills Brothers' Company, of which I am the president, this last year has sent as many as 10 carloads to Los Angeles, Seattle, Tacoma, and other western points. My point is that it does not compete with the raisin. I want to be fair to the California raisin man—

Mr. NEEDHAM. Wherever they use raisins they use currants?

Mr. EASTMAN. No, sir.

Mr. NEEDHAM. When you make a cake, if you put in raisins, do you not put in currants?

Mr. EASTMAN. No. As I have tried to state it in my brief, currants are used in bread and coarse textures; a raisin is put into a light-made cake. The statement has been made to the committee by Mr. Compton that this competes with the seedless muscatel.

Mr. NEEDHAM. No; he said the Thompson seedless.

Mr. EASTMAN. Excuse me.

Mr. NEEDHAM. What is the difference between the Thompson seedless and the seedless muscatel?

Mr. EASTMAN. I have given you the two samples up there. The Thompson seedless is considered a better raisin than the seedless muscatel.

Mr. NEEDHAM. It is smaller?

Mr. EASTMAN. No; not according to the stuff I have handled. For example, I have had myself a carload of seedless muscatels this year. I would have been glad to have sold those at any time during the last twelve months at 4 cents and a quarter, while currants are selling at 6 cents for uncleaned and 7 cents for cleaned. The bakers that buy currants will buy those for one thing, and they will buy the raisins for another thing.

Mr. NEEDHAM. My observation is that the average housewife when she buys raisins will buy currants to put in the same article of food that she is making.

Mr. EASTMAN. Yes; they do; but I want to call your attention to the fact that 75 per cent of the currants used in this country are used by the poor people, largely in the mining districts. Pennsylvania, among the mines, uses a tremendous amount of currants. The amount of the currants they have used this year is very noticeable—

Mr. NEEDHAM. In the preparation of what?

Mr. EASTMAN. An ordinary miner for his lunch will have a hunk of black bread filled with currants, and that will be his lunch, and the tremendous nutritious value of the currant is recognized by those men who have been accustomed to that food in Europe before they came over to America. Our business in Pennsylvania fell off 75 per cent this last year because of the lack of—well, we attribute it to the lack of business and also to the tremendous outrush of those foreigners who went back last winter to Europe. That is a marked feature of the currant business, the consumption of currants by that class of people.

In the State of Michigan, among the miners, a large amount of currants is consumed. We sell currants in Detroit, and Detroit distributes them to the miners in that State. We would not sell raisins there.

It is another curious fact that the Pennsylvania people will not buy the California raisin, but will buy the European raisin because they like the European raisin better. But we are not discussing raisins here, and so we will leave that out.

Mr. RANDELL. You say the miner has bread and currants for his lunch. Don't they have meat for their lunch also?

Mr. EASTMAN. I have only been told by the merchants who sell it and the bakers who make up this bread.

Mr. RANDELL. Your information is that all he has for his lunch is this black bread and the currants?

Mr. EASTMAN. Yes; that is my understanding.

The CHAIRMAN. You state that some 38,000,000 pounds are imported. What proportion of those are cleaned and what proportion uncleaned?

Mr. EASTMAN. Because of the tariff law it is impossible to tell, there is no record kept as to the amount of cleaned currants and uncleaned currants at the custom-house.

The CHAIRMAN. What do you know about the number of pounds?

Mr. EASTMAN. I should say 2 or 3 per cent of the importations at the present time are cleaned.

The CHAIRMAN. Of the importations?

Mr. EASTMAN. Of the importations of currants, come in the cleaned form.

The CHAIRMAN. And the rest are uncleaned?

Mr. EASTMAN. And the rest are uncleaned; yes.

Mr. HILL. What is the difference between the cleaned and the uncleaned, the difference in price in Greece?

The CHAIRMAN. One minute, if you please. I want to know how long you have been cleaning the currants in Greece.

Mr. EASTMAN. I should say, to the best of my knowledge, about five years, that long since it has amounted to anything. This whole business—

The CHAIRMAN. About 3 per cent of them come in cleaned now, you think?

Mr. EASTMAN. That is my judgment.

The CHAIRMAN. That is not a very serious argument for a differential duty.

Mr. EASTMAN. The reason I ask for a differential is this, that the Greeks only in the last few years have bought these machines, have gone into the work of cleaning, and with my own company this is the first year that I have felt the sale of the Greek cleaned currants in competition.

Mr. HILL. What is the difference at Athens or Piræus, or the point of purchase, wherever it is, between the price of the cleaned and the uncleaned—not in New York, but over there?

Mr. EASTMAN. I know it in shillings, and I can translate it. [After calculation.] Varying from three-eighths to seven-eighths of a cent.

Mr. HILL. Then that is the difference that you want to be protected against in the differential duty?

Mr. EASTMAN. Yes, sir; and that is why we make it a half a cent.

Mr. HILL. From three-eighths to seven-eighths?

Mr. EASTMAN. Yes, sir; three-eighths to seven-eighths of a cent a pound.

Mr. CRUMPACKER. You would increase the cost of this food product which is popular among the miners of the country?

Mr. EASTMAN. No, sir; that is exactly what I do not want to do. The present duty is 2 cents, and I ask that that duty be abolished and that we have a cent only on the cleaned currants.

Mr. CRUMPACKER. You can not clean currants here as cheap as they are cleaned in Greece, can you?

Mr. EASTMAN. No, sir; but we can clean them better, and we are willing to stand that difference. Did I explain that technically? A currant uncleaned is dried. You have seen the sample of it here. To clean it, you have to put water on it and it gets moist. A clean,

moist currant will live about six months, commercially. Therefore that comes into the question.

Mr. HILL. As a matter of fact, the average of three-eighths and seven-eighths, the difference in cost over there, is five-eighths, and what you ask is one-eighth less than that, of four-eighths?

Mr. EASTMAN. Yes.

Mr. HILL. As protection to the process here?

Mr. EASTMAN. Yes, sir. There is one other point. By reducing or making the currant free you are going to enable the grocer to sell a pound carton as a 10-cent package, which will make it a popular package, and will increase the use of it among the people and will make up, as we believe, the revenue to the Government.

The CHAIRMAN. What proportion of the output of your factory do you sell to manufacturers of food?

Mr. EASTMAN. Manufactured for cleaning purposes?

The CHAIRMAN. For food purposes, substances for food.

Mr. EASTMAN. It isn't all used for food. Oh, you mean to manufacturers of food? A very small amount, because most of the manufacturers of food, such as mince-meat manufacturers, import their own currants.

The CHAIRMAN. And wherever they are put in food by manufacturers they are put in in place of raisins, are they not?

Mr. EASTMAN. No. I have had mince-meat men to tell me that in order to make good mince-meat they have got to have not only raisins but currants; they use them both.

Mr. NEEDHAM. That confirms what I said, that both raisins and currants are used in the same article of food.

Mr. EASTMAN. But the mince-meat branch of the industry is the smallest part of it.

The CHAIRMAN. Manufacturers have told me that they do use them in place of raisins.

Mr. HILL. I would like to ask, Does the National Biscuit Company, for instance, import its own currants?

Mr. EASTMAN. Yes; they import very largely themselves. I have talked with representatives of the National Biscuit Company about it—

The CHAIRMAN. What kind of food do they use currants in; do they use currants for sauce, or are they stewed up?

Mr. EASTMAN. No, sir; not so much. They are used mostly in bread and pastry and cakes.

The CHAIRMAN. And are they used in pies?

Mr. EASTMAN. No. They are used in mince-meat, yes, sir; but I do not know the currant pie.

The CHAIRMAN. They put them into the same article of food that raisins are put in, do they?

Mr. EASTMAN. No, sir; they put them into the cheaper articles of food; they put them into bakers' bread.

The CHAIRMAN. They put them into mince-meat, you say?

Mr. EASTMAN. Yes.

The CHAIRMAN. And in bread?

Mr. EASTMAN. Yes, sir; but for one loaf of raisin bread there would be five loaves of currant bread.

The CHAIRMAN. And instead of currants the raisins might be put into that currant bread?

Mr. EASTMAN. No; because the people demand the currant bread.

The CHAIRMAN. Do they put anything else in breads, anything of that kind except currants and raisins?

Mr. EASTMAN. I am not a baker.

The CHAIRMAN. You don't seem to be.

Mr. EASTMAN. They put in caraway seed and things of that nature.

Mr. HILL. They use figs cut up, do they not?

Mr. EASTMAN. Yes; in cake, but not in bread. You take the fancy cakes and the fancy fig biscuits, and so on, figs will be used there. The National Biscuit Company put up raisin cakes and currant breads and currant crackers. Currants go into the cheaper lines of food.

The CHAIRMAN. This is an old question before this committee. We made currants free under the McKinley bill, because we were made to believe that they were not used as a substitute for raisins and did not compete or interfere with raisins. Then, coming to the Wilson bill, they put a duty on them—for what reason I don't know, because the other side framed that bill—and then, coming to the Dingley bill, it was made quite clear that they were used as a substitute for raisins and we put this duty on.

Mr. CRUMPACKER. I suppose they compete, in a sense, with flour, too. You put them in bread, and if you don't put the currants in you would put more flour in the bread?

Mr. EASTMAN. No; it is a question of adding nutrition to the bread.

Mr. CRUMPACKER. They raise wheat in our district, and I think that currants would probably compete with flour.

Mr. EASTMAN. The question is to give as much nutrition as possible to the poor man, and he finds it in his currant bread; he does not find it in his flour.

Mr. RANDELL. You say they have a big chunk of bread with currants in it and nothing else. Then the currants compete with meat and flour and various other food products.

Mr. EASTMAN. That is true.

Mr. RANDELL. And it gives the laboring man a cheaper and more palatable food, does it not?

Mr. EASTMAN. Yes; one that experiments have shown is a most nutritious food. We have certificates from physicians testifying as to the nutrition in currants. In fact, the value of currants as a nutritious food exceeds the value of almost any other food.

Mr. RANDELL. You do not think it would injure the cattle trade out West, do you?

Mr. EASTMAN. I would not think so for a moment, sir.

Mr. HILL. You take all our revenue, do you not?

Mr. EASTMAN. No, sir; \$800,000.

Mr. HILL. I mean all that there is on currants?

Mr. EASTMAN. Yes; I stated frankly at the outset that this involves about \$1,000,000 duty, and the cheapening of this food to the poor people is worth cutting that down a million or a million and a half.

The CHAIRMAN. The next subject is dates.

Mr. EASTMAN. Section 254 provides for payment, etc., as follows:

Dates, one-half of one cent per pound.

We think that they should be added to the free list.

This section covers green, ripe, and dried dates, and does not include any form of preserved dates, which are probably covered by section 263.

We ask that dates be put on the free list. Dates are consumed largely by the poorer classes. There are approximately \$140,000 of custom-house revenue paid in on dates each year, and we argue that the date, which has become so much more important an article of consumption in this country, especially among the mill hands and operatives, and bought by them for food, although it is rarely seen on the table of the well-to-do or the wealthy classes, has come to be distinctly a poor man's food, and we say you ought to cut that down. That will also increase the business of manufacturing plants of the country which do a considerable business in cleaning and preserving and stuffing dates.

Mr. DALZELL. Where do they come from?

Mr. EASTMAN. They are at the head of the Persian Gulf, on a river there in Persia, practically the only place in the world where dates are grown commercially. My own company has imported directly for the last two years 3 carloads of dates into this country, approximating about 300,000 boxes, of 70 pounds to the box. One other house has brought in one-half as many dates, or a little over half as many. Those are the two large importers of dates.

Mr. DALZELL. Do they come in green?

Mr. EASTMAN. No; they come in ripe, packed in 70-pound boxes.

Mr. DALZELL. Preserved?

Mr. EASTMAN. No; there is absolutely nothing done to them; they are simply brought in in baskets to the packing places in Persia, then packed in boxes and sent out.

Mr. HILL. In time, do you think, if this tariff were taken off, it would result in a reduction in the price on dates?

Mr. EASTMAN. I should say, without any question, it would result in a reduction.

Mr. HILL. How much?

Mr. EASTMAN. A reduction of one-quarter of a cent a pound.

Mr. HILL. What do they cost to-day in New York? I mean, what is the valuation on which this duty is laid in New York?

Mr. EASTMAN. From 3 to 4 cents, depending upon the grade of the dates. Perhaps $2\frac{1}{2}$ to $3\frac{1}{2}$ cents would be a better estimate.

The CHAIRMAN. They seem to vary, according to the figures I have; they vary from 2.5 to 1.8 cents.

Mr. EASTMAN. That is because the cost of production has increased considerably within the last few years, because of the increased demand, the increased consumption of dates.

The CHAIRMAN. Two cents to $2\frac{1}{2}$ [referring to the record], then 1.8 cents. That was exceptional, was it not?

Mr. EASTMAN. Yes; very exceptional.

Mr. NEEDHAM. The experiments of the Agricultural Department in growing dates have shown that they can grow dates in Arizona very well, have they not?

Mr. EASTMAN. No; not commercially. Our company has done everything it could to assist Mr. Fairchild in getting slips and assisting him to grow dates in Arizona, and we have brought over slips every year. We are perfectly satisfied we could never grow them there commercially. I have a clipping from a Los Angeles news-

paper telling about their industry. They get 6 cents a pound for dates grown in Arizona to-day.

Mr. NEEDHAM. How long does it take for a date tree to grow?

Mr. EASTMAN. From eight to ten years before they bear, and they are at their best at thirty years.

Mr. NEEDHAM. Really, then, they have not had time to determine officially whether they can grow dates or not?

Mr. EASTMAN. No, sir; this duty is not enough, one way or the other, to affect the production of the commodity.

The CHAIRMAN. Do they use the dates in cooking?

Mr. EASTMAN. Oh, yes; they use dates in cooking and jam and they cut them up in cakes.

Mr. CRUMPACKER. And do they use them in bread?

Mr. EASTMAN. No; I have never known them to be used in bread.

Mr. CRUMPACKER. I was curious to know if they would compete with the Thompson seedless.

Mr. EASTMAN. Well, I suppose a man can subsist on the Thompson seedless.

Mr. NEEDHAM. Is it true that the larger portion is imported preserved; that is, from the dates imported, the larger part of them are preserved?

Mr. EASTMAN. No, sir. Oh, no; I should say the larger part are not preserved.

Mr. HILL. They are preserved and treated here?

Mr. EASTMAN. Yes, sir. They are preserved here. My pay roll in one of my factories runs to about \$500 a week in the busy season, and I employ anywhere from 50 to 150 girls in the work.

Mr. HILL. What is the duty on the preserved dates?

Mr. EASTMAN. No difference. It is all the same. The only paragraph that covers that is that quoted at the top of the page.

Let me say this gentlemen: The articles of currants, dates, and figs, discussed in this brief, have undergone a change in the last ten years because of the demand among the consumers for a package article. The grower formerly sold these fruits in bulk. Now the demand is that they should be sold in packages. Therefore our business has been conformed to this change; instead of handling these fruits in bulk we are handling them in packages. Most of our machinery, labor, and so forth, is now engaged in packing these various articles, cleaning them and putting them up in this way. There has been a change in the entire business in that respect.

The next subtopic that I wish to refer to is citron.

I simply ask that citron be left as it has been, on the free list. The force of the argument above given is recognized by the present provisions of the tariff act in relation to citron. The raw product is now admitted free of duty. The preserved or treated product is taxed 4 cents a pound. This difference now equalizes the cost of production of the treated or finished product as between the foreign and the American manufacturer, and we ask that these provisions be left unchanged.

Mr. NEEDHAM. There is a duty against the preserved or candied citron of 4 cents a pound?

Mr. EASTMAN. Yes; but citron in brine is free, and we ask that that be not changed.

Mr. NEEDHAM. You are willing that the 4 cents a pound should remain on the candied citron if you are able to import the raw citron in brine free of duty?

Mr. EASTMAN. Yes, sir. My company brings into this country 75 per cent of the raw citron, and there are about 2,000 tons used in this country. We bring in from 1,000 to 1,200 tons. We have a large factory for preserving the candied citron.

Mr. DALZELL. Where does the citron come from?

Mr. EASTMAN. From Greece, from the southern part of Italy, and the island of Corsica, which is the "Mediterranean citron," as it is termed. Those are the principal places that it comes from.

Mr. HILL. You say the revenue on dates is \$145,000. With those dates on the free list and with the duty continued—the duty of one-half a cent a pound—on the preserved dates, would not the retail price of dates be about the same, and is it not true that the consumer would not get any benefit, and so the practical result would simply be that the Treasury would lose \$145,000 revenue?

Mr. EASTMAN. No; I do not think so.

Mr. HILL. There would be no difference in the price to the consumer, would there?

Mr. EASTMAN. There is a kind of competition in dates. Their price is kept down by the competition. The price of dates is governed by the London market.

Mr. HILL. Let us see if I understand you. I go into a store and find a great big mat of dates. Is that the raw date?

Mr. EASTMAN. We don't call it a mat. The dates come in a box, and you will see the end of the box knocked down and then the man will take a pick and knock those dates out.

Mr. HILL. I think I have seen them in mats.

Mr. EASTMAN. Probably not recently. As a boy, that is the way they used to come. That was some ten or fifteen years ago, at least.

The CHAIRMAN. That is the only way that I ever came in contact with them as a boy.

Mr. EASTMAN. I think I can argue justly that this is a food that is used by the poorer classes of people. They go to the corner and ask for dates, and the dealer will knock them down out of a basket.

Mr. GAINES. What do they retail for?

Mr. EASTMAN. Seven cents, 8 cents, 9 cents, 10 cents a pound. We send thousands of boxes to Boston, which are distributed and sold in mill towns in that section.

Mr. GAINES. The duty is half a cent a pound?

Mr. EASTMAN. Yes, sir.

Mr. GAINES. And you want it put on the free list?

The CHAIRMAN. Do you think the retail price would remain the same, even if it were put on the free list?

Mr. EASTMAN. I do not think so. The tendency of all business now is to cut prices way down.

Mr. DALZELL. It would not be cut down from 10 cents to 9½ cents?

Mr. EASTMAN. But it would be likely to be sold 2 pounds for 15 cents, whereas before it was sold for 8 cents a pound; that is likely what would occur.

The CHAIRMAN. Is this the message of President McKinley that you spoke of? [Reading:]

DECEMBER 5, 1898.

To the Senate and House of Representatives:

The Government of Greece strongly urges the onerousness of the duty here imposed upon the currants of that country, amounting to 100 per cent or more of their market value. This fruit is stated to be exclusively a Greek product, not coming into competition with any domestic product. The question of reciprocal relations with Greece, including the restoration of currants to the free list, is under consideration.

WILLIAM McKINLEY.

Is that the recommendation you speak of? It does not seem to be very strong.

Mr. EASTMAN. It is only fair to say that that is the message of the President.

Mr. GAINES. It is hardly a recommendation. It is simply a statement that the matter was under consideration.

The CHAIRMAN. I suggest that you go on with citron now.

Mr. RANDELL. I would like to ask a question or two before that.

You say dates are used very largely as a cheap food. You have a market for them in what section, principally?

Mr. EASTMAN. As I stated, they would go into New England, into the mill towns. They would go into Chicago. Large quantities of them are sold on the east side in New York, among the poorer classes there. Pittsburg is a market for dates.

Mr. RANDELL. You have a large demand there on account of its being a cheap food, they being mill towns, and you say the mill countries take them in the same way?

Mr. EASTMAN. They are mill towns.

Mr. RANDELL. And over the country generally?

Mr. EASTMAN. Yes, sir; where you find large blocks of people employed in mills, mines, and so forth; that is the place where we are able to sell currants and dates.

Mr. RANDELL. They demand a cheap food?

Mr. EASTMAN. Yes, sir.

Mr. RANDELL. You think this would be in the interest of the poorer people?

Mr. EASTMAN. Most decidedly.

Mr. RANDELL. People who have to live on cheap food, in the mill towns in the East and North?

Mr. EASTMAN. Most decidedly.

The CHAIRMAN. The next is citron.

Mr. EASTMAN. I have finished with citron, unless there are some questions you want to ask me.

The CHAIRMAN. The next is article 4, which is in regard to filberts, shelled almonds, Brazil nuts, and walnuts.

Mr. EASTMAN. The next subheading is article 4, filberts, shelled almonds, Brazil nuts, and walnuts.

The present law imposes the following duty:

270. Filberts and walnuts of all kinds, not shelled, three cents a pound; shelled, five cents a pound.

Upon almonds, shelled, there is a duty of 6 cents a pound; not shelled, 4 cents a pound. Brazil nuts are free of duty.

We ask that filberts, not shelled, should, like Brazil nuts, be on the free list. The filbert has never been grown in this country. It does not take the place of any nut that is grown in this country, and is a nut peculiar to itself, and we can see no reason for having a duty on this nut.

I have a box here with some of the nuts. [Exhibiting nuts to committee.]

There is no more reason for the filbert having a duty on it than there is for the Brazil nut, which is brought from the Brazil section and is on the free list.

I notice in the California Fruit Grower, their annual section for 1907, going over the various nuts that are used there, they say they have not yet been able to grow the filbert successfully in California, and I have never understood that they claimed they could or asked for a duty on filberts. I do not think that we are competing with any nut in this country when we ask to have the filbert on the free list.

Mr. NEEDHAM. How much duty is collected on these nuts?

Mr. EASTMAN. You mean per annum?

Mr. NEEDHAM. Yes.

Mr. EASTMAN. I can not find official figures in regard to filberts, but from the records I can find about \$200,000 to \$250,000.

Mr. NEEDHAM. Would not that nut come in direct competition with the walnut?

Mr. EASTMAN. No; the filbert does not come in competition with any nut.

Mr. NEEDHAM. Last year the duty collected on filberts, not shelled, was \$298,808.40.

Mr. EASTMAN. I looked for a record of that and could not find it.

Mr. NEEDHAM. And on filberts, shelled, the duty collected was \$77,666.

Mr. EASTMAN. That is a very small business. The filbert is used largely by the Jews. They use it on the Jewish holidays; they use it in connection with some of their customs, I understand.

Mr. RANDELL. Is it not often used in places where peanuts would be used, if they could not get peanuts?

Mr. EASTMAN. No; I do not think so. It is true that a filbert does not compete with a walnut, a walnut does not compete with an almond, and an almond does not compete with a pecan; each nut has its own demand.

Mr. RANDELL. According to the idea in regard to grapes or raisins, if they did not have the filbert they would have to eat the peanut, would they not?

Mr. EASTMAN. I doubt it very much, sir.

Mr. RANDELL. It does not compete in the East as yet?

Mr. EASTMAN. No; not at all.

Mr. RANDELL. And you want it put on the free list?

Mr. EASTMAN. Yes, sir.

Mr. RANDELL. I do not remember about it; what is the tariff on filberts?

Mr. EASTMAN. The tariff on filberts is 3 cents a pound.

Mr. CRUMPACKER. We used to call them hazel nuts, I think, in our country.

Mr. RANDELL. They were a different nut from that [indicating].

Mr. EASTMAN. I have two samples here which I would be glad for you to see.

The CHAIRMAN. On filberts not shelled the present rate is 3 cents per pound, and on filberts shelled the duty is 5 cents a pound.

Mr. HILL. This is the unshelled, and the shelled is simply the meat?

Mr. EASTMAN. Yes, sir; the shelled is simply the meat of the nut. This is what we as boys knew as the hazel nut, but that has not become commercially valuable in this country.

The CHAIRMAN. I suppose those are consumed by the poor?

Mr. EASTMAN. I have stated that those are used largely by Jewish people. Personally, I use them a great deal in my own house.

Turning now to the question of almonds, being the second question I have stated in my brief, the California market never has and can not come anywhere near supplying the demand for almonds; the domestic product has not been more than a small part of the consumption. The figures given by men who have appeared before your committee, men from California, I am quite content to use, because I think they are quite accurate, showing the importations last year of about 14,000,000 pounds of almonds. California produced a million and a half pounds.

Mr. CRUMPACKER. Let me give you the importations exactly [reading]:

In 1907 almonds, not shelled, 5,714,207 pounds; almonds, shelled, 8,717,952 pounds.

Mr. EASTMAN. That is shelled. I am talking about the unshelled.

Mr. CRUMPACKER. Unshelled, 5,714,000.

Mr. EASTMAN. I took my figures from the affidavits of the gentlemen from California.

Mr. CRUMPACKER. This book we have here contains the official figures.

Mr. EASTMAN. I am subject to correction, then.

I would like to call the attention of the committee to what the California Fruit Grower says about the amounts. The California Fruit Grower, in the issue of December 11, 1907, says:

Almond growers in many parts of the State are very much discouraged over the outlook. Several years ago the output of this State amounted to about 3,000 tons, with every indication that it would largely increase in succeeding years. For the past two or three years, however, it has been falling off to an alarming extent, and to such an extent has this shortage developed that many orchardists are either grafting their trees to fruit or taking them out altogether.

In other words, California has endeavored to raise an almond to take the place of the imported almond, but has not been successful in that. It does raise an almond, which does not compete, however.

Mr. NEEDHAM. The reason they are discouraged is because the tariff is so low.

Mr. EASTMAN. My brother-in-law, who is on a ranch in California, says that he can not raise almonds successfully there.

Mr. NEEDHAM. I have lived there for a good many years, and I think that the almonds they raise there are some of the best almonds that are raised anywhere.

Mr. FORDNEY. How do you account for the falling off?

Mr. NEEDHAM. You do not state about the quality.

Mr. EASTMAN. Yes; I have stated that the quality they have been able to raise is of the highest.

The CHAIRMAN. Would you say that almonds were used by the poorer classes of people?

Mr. EASTMAN. No; they are more expensive, and therefore used by a richer class of people. There is quite a trade in almonds for salted almonds.

Mr. HILL. Are the almonds controlled by the combination or trust that you referred to in reference to the English walnut?

Mr. EASTMAN. No, no; not openly so.

The CHAIRMAN. Unless this shall be adopted as a food for the poorer people, it might be well to consider keeping the duty on as a revenue measure. Do you not think so?

Mr. EASTMAN. That, of course, is a fair question. I am not asking to have almonds put on the free list, but simply for a reduction. I have said that they should be reduced from 4 to 2 cents and shelled almonds from 6 to 4 cents.

Mr. NEEDHAM. What revenue do these almonds bring to the Government?

Mr. EASTMAN. I have estimated the revenue roughly at about \$560,000 for the unshelled almonds and shelled and unshelled together about \$800,000. The revenue on the unshelled last year was about \$560,000, as I figured it.

Mr. LONGWORTH. No; the revenue from the shelled almonds was much larger; it was \$523,000, while the revenue derived from the not shelled was \$228,000.

The CHAIRMAN. Now, the next is walnuts.

Mr. EASTMAN. On the question of walnuts I want to say two things. The California walnut does not affect in any way the quantity of walnuts imported into this country from other points. The price of the California walnut, the average price, is over 3 cents a pound more than the price of the imported walnut. To-day in New York City you buy the California walnuts at 14½ cents, although the trust is going to reduce the price to 10 cents on January 1. At least that is what is reported.

The imported walnuts of good grades run from 9½ cents to 10½ cents.

My contention is that the duty of 3 cents a pound on walnuts is excessive, so far as protecting California is concerned.

I would like to call the attention of the committee to the fact that the California representatives in their statements before the committee have said that they are not interested in the shelled walnuts, and there can be no reason, so far as they are concerned, for keeping the duty on the shelled walnut at this present high price.

Mr. HILL. A hundred pounds of walnuts will give how many pounds of shelled walnuts, on an average; a hundred pounds in the shell will net how much unshelled?

Mr. EASTMAN. About 30 pounds of shelled.

Mr. HILL. About 30 pounds. Then is the duty evenly balanced, with 3 cents a pound duty on the shelled walnut and 5 cents a pound duty on the unshelled walnut? The importations last year were 23,000,000 pounds of unshelled and 7,000,000 pounds of shelled walnuts. If you make about an equal quantity of the two one would be about equal to the other?

Mr. EASTMAN. Yes, sir.

Mr. HILL. What is the difference in the price between the shelled and unshelled walnuts?

Mr. EASTMAN. The shelled walnut is worth from 22 to 28 cents a pound.

Mr. HILL. And what is the unshelled walnut worth?

Mr. EASTMAN. From 8 to 12 cents.

Mr. HILL. About one-third, then?

Mr. EASTMAN. Yes; 8 to 11 cents, I should say.

Mr. HILL. Should not the duty be larger on the shelled walnuts or else lower on the unshelled; is it balanced correctly at the present time, in your judgment?

Mr. EASTMAN. It is not balanced, in my judgment; no, sir.

Mr. HILL. What would your suggestion be; would your idea be to raise the duty on the shelled walnuts or lower the duty on the unshelled walnuts?

Mr. EASTMAN. If you will notice, I have asked here to reduce the duty on the shelled from 6 to 4 cents—yes; I have made the proportion the same. It might be 6 to 5 cents and 4 to 2 cents; I had not considered that suggestion, that idea.

The CHAIRMAN. The importations are constantly increasing as it is now, are they not?

Mr. EASTMAN. Yes, sir; and if the duty was less the importations would increase tremendously. This is an article that I can honestly argue to you that, I believe, by a reduction of the duty you will increase your importations tremendously.

Nuts have become one of the staple articles of food; everybody is using nuts as a food product where ten or twelve years ago they did not, and we might as well recognize that fact.

The CHAIRMAN. Let us go to the subject of figs.

Mr. EASTMAN. The last subject is the subject of figs. This brings up the California question once more. I want to say frankly that so far as that section of the country is concerned they have shown that they can produce certain articles of food with great success, such as prunes and apricots and peaches. They have not only driven out foreign importations in those articles, but they are exporting those fruits. But, on the other hand, there are certain articles which we are satisfied they are not able to grow successfully.

I sent out and asked two brokers to send me samples of Smyrna figs and California figs. I asked one to send me a sample of Smyrna figs and the other a sample of California figs. They took it for granted that I was going to buy them and they sent me the samples. I have them here. They show for themselves as to whether California can raise a fig which has anything of the flavor or the appearance of the Smyrna fig.

Mr. NEEDHAM. Are these Redding figs?

Mr. EASTMAN. No.

Mr. NEEDHAM. Why do you not get the best quality of California figs?

Mr. EASTMAN. Because you can not get them.

Mr. NEEDHAM. You are trying to give us an illustration as to what is done in California. Why do you not get the best quality of figs that California produces?

Mr. EASTMAN. They are the kind of fig that is used there, that we use for packing and preserving purposes.

The CHAIRMAN. Do they not raise a Smyrna fig in California?

Mr. EASTMAN. No; they can not raise it there.

The CHAIRMAN. One of the witnesses from California testified that they can do it. He testified that Smyrna figs of the finest quality are raised in California.

Mr. EASTMAN. Yes. I know you have statements before the committee to that effect.

The CHAIRMAN. That is a statement that has been made with a great deal of care, made by authorities on the subject.

Mr. EASTMAN. I will state this simply from a business man's point of view. I am looking for anything in my line of business that I can make money out of, and I have bought California figs with the hope of making money on them, and I can not find any market for the California fig in this country, except for the cheapest kind of use.

The CHAIRMAN. Do you mean to say that this is a fair specimen of the California fig [referring to specimen exhibited to the committee by Mr. Eastman]?

Mr. EASTMAN. Yes; those grades are corresponding grades, sir.

Mr. NEEDHAM. I would like the statement to go into the record that I am familiar with figs grown in California, and I do not think this is a fair sample.

Mr. EASTMAN. I am not bringing California's layer figs here.

The CHAIRMAN. I have seen California figs which you could not tell from Smyrna figs.

Mr. EASTMAN. You have seen the layer California figs, the figs which come in layers. The layer California fig, when compared with the Smyrna layer fig, you will find is as much inferior to the Smyrna layer fig as this California fig is inferior to this Smyrna fig; there is just as much difference between those two. When I was in New York yesterday I could not get anywhere a sample of the California layer fig.

The CHAIRMAN. What is this fig [indicating]?

Mr. EASTMAN. That is a Smyrna fig, the same grade as the California fig you have there. I simply call your attention also to the fact that California for over twenty-five years has been trying to grow this fig. In 1881 a friend of mine in Smyrna sent to the Government, at the request of the Government, slips of those figs, and they experimented with them in California. You ask the average grower in Smyrna whether they will ever be successful and he will tell you no. You ask him why and his answer is this: That the locality in Smyrna in which these figs are grown inland is of a very limited area; in fact, if you take a fig and transplant it 10 miles away in Asia Minor, 10 miles away from the fig-growing section, it will not produce the type of Smyrna fig that we buy.

Mr. NEEDHAM. Is not the difference largely in the manner in which they are packed and treated?

Mr. EASTMAN. They are both packed in 50-pound boxes. I do not understand that either one of those figs is treated.

Mr. NEEDHAM. Well, they are dried; they go through the drying process?

Mr. EASTMAN. Yes. There is no artificial treatment of them. They are simply picked and dried and then put in 50-pound boxes.

Mr. NEEDHAM. There is more sugar on this fig, is there not [indicating]?

Mr. EASTMAN. You will see that those figs from Smyrna have a floury appearance. They can not grow those in California. That was what Mr. Redding talked about when he talked about caprification. About four years ago Mr. Redding sent on some of the Smyrna figs, and we put them with some of our California figs, and then we submitted them to experts to see if they could pick them out, and they could pick out every single one of those California figs.

Mr. HILL. There is nothing but salt water and sun on them, is there?

Mr. EASTMAN. That is all; that is the natural fig [indicating].

Mr. LONGWORTH. Have you figured out what the total loss of revenue would be if all your recommendations were adopted?

Mr. EASTMAN. Between \$2,000,000 and \$2,500,000.

Mr. HILL. Is that net? You say the reduction in the duty on walnuts would largely increase the revenue, in your opinion.

Mr. EASTMAN. I did not take into account at all the possible increase in revenue by a reduction in duty.

Mr. HILL. You did not take that into account?

Mr. EASTMAN. No; I am simply taking it on the idea that the importation would remain the same. It is simply an estimate I arrived at by figuring it as well as I could.

Mr. NEEDHAM. If you take off the duty on figs, those figs will not sell any cheaper to the consumer, will they?

Mr. EASTMAN. I should say that they would, without any question at all.

Mr. NEEDHAM. What are they retailing for now? I mean what are these packages retailing for, these packages that you have exhibited to the committee?

Mr. EASTMAN. You mean loose? Do you mean a fancy package like that?

Mr. GAINES. What do these packages retail for?

Mr. EASTMAN. Neither one of those are retailed. I mean they are not retailed to any great extent. We use those in preparing the figs for market. I pay 3 cents or $3\frac{1}{2}$ cents for that California fig and $4\frac{1}{2}$ cents for the Smyrna fig.

Mr. NEEDHAM. Take that package [indicating].

Mr. EASTMAN. This package is a Smyrna fig prepared at the factory—

Mr. NEEDHAM. What is the retail price?

Mr. EASTMAN. It depends on the package—

Mr. NEEDHAM. What does the package sell for?

Mr. EASTMAN. I say 15 to 20 cents, 25 cents, depending on the package.

Mr. HILL. Is there any duty on these packages?

Mr. EASTMAN. No; no duty on the package; no, sir. That business is done here entirely. There is a duty on the baskets.

Mr. HILL. But is it imported in this style at all?

Mr. EASTMAN. No; that comes from my own factory.

Mr. HILL. But is it imported at all?

Mr. EASTMAN. No; I don't think so.

The CHAIRMAN. If that is imported, there is a duty on it, is there not?

Mr. EASTMAN. Yes.

Mr. NEEDHAM. You say you make that up in your factory? What do you retail that for? You ought to know.

Mr. EASTMAN. I would sell that to the grocer for about 16 cents and he would retail it for from 20 to 25 cents.

Mr. NEEDHAM. Do you think if you took the duty off that that would result in its retailing for any less price?

Mr. EASTMAN. It would make it about 2 cents a pound less.

There is another illustration, gentlemen, of the changes in the demands of the consumers. The consumer wants his figs put up in dainty packages, and our business has increased largely in the way of making that kind of an individual package.

Mr. GAINES. Is that demand on the part of the consumer one of the reasons for the high prices of these articles to the consumer? In other words, if the consumer, instead of complaining about the 2-cent duty, would complain of the 66 $\frac{2}{3}$ profit to the retailer, would he not probably get more relief than would be given him by the 2-cent reduction?

Mr. EASTMAN. I do not think so.

Mr. GAINES. I am simply asking for information. I would like to know, if it is possible to find out, the relation between the tariff such as that 2 cents on a 25-cent package, whether that reduction of 2 cents would go to the consumer or whether it would be swallowed up just as the 12 cents is now swallowed up by the wholesaler.

Mr. EASTMAN. There is no question that the retailers could and would sell these goods at lower prices with a reduction of that duty.

It is all very nice to talk about profits here. In answer to your direct question, I will say that I think the laboring men and the men of very small incomes or of a daily wage would be benefited by these changes which we ask for here.

The man who wants to buy a fancy package does not care how much he pays for the fancy package. We could not sell these fancy packages to laboring men, anyway. They will not buy them; they go to the corner fruit stand and have a block of figs cut out in a hunk. He then takes them home. He pays 8 or 10 cents for that fruit, and it would probably be down to 7 cents.

Mr. GAINES. As to the reduction of 2 cents, I simply do not see it, and it has never been sufficiently analyzed, so far as I see it, to be anything more than an assertion on one side.

Mr. EASTMAN. The Smyrna fig costs me 4 $\frac{1}{2}$ cents, duty paid. If I could buy that for 2 $\frac{1}{2}$, do you mean to say there would not be a benefit to the consumer? It could not but help be that there would be a benefit.

Mr. FORDNEY. Your object in having the duty reduced, then, is that you might sell it lower and get more trade?

Mr. EASTMAN. Yes; but I would not expect to get any larger percentage of profit on my sales then than I do now.

Mr. GAINES. These figs cost you 4 $\frac{1}{2}$ cents?

Mr. EASTMAN. Yes; that fig [indicating] in its original condition costs me 4 $\frac{1}{2}$ cents.

Mr. GAINES. And they sell at retail at 25 cents?

Mr. EASTMAN. Depending on the package.

Mr. GAINES. But this particular package, it has been stated, would sell for 25 cents at retail. If that is not correct, correct it.

Mr. EASTMAN. That is correct. That is, the basket and everything;

POST CARDS.

STATEMENT OF MR. JAMES ARTMAN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. This subject has been pretty well covered. Have you a brief or could you file a brief covering what you want to say?

Mr. ARTMAN. No, sir; I haven't got any brief.

The CHAIRMAN. How much time do you want?

Mr. ARTMAN. Five minutes.

The CHAIRMAN. You may have five minutes.

Mr. ARTMAN. Mr. Rose spoke to you this morning on post cards. He represented the fancy post cards. We represent the colored-view post card.

I want to supplement what Mr. Rose said about post cards.

The fact of the matter is that the colored view cards are pretty nearly all printed in Germany. In fact about 90 per cent of them are printed in Germany and of the 700,000,000 or 800,000,000 post cards that were imported in 1907, 75 per cent were colored view cards—about 600,000,000. That represents a business of about \$15,000,000, and only about—well, I guess \$1,000,000 worth of post cards are printed in this country.

We have been trying to get a foothold in that business for the last two years. Our experience has been that we can only sell to those people who can not wait for postal cards to come from Germany or do not know that they can get them cheaper from Germany.

The Germans can land post cards in this country for \$9 per thousand, and in lots of 2,000 they can deliver them for \$7.25, and in lots of 3,000 they can deliver them for \$4.25, and in lots of 5,000 they can deliver them here for \$3.50.

The lowest we can produce them for in this country is \$18 for the first thousand, \$10 for a 2,000 lot, \$7 when they come in lots of 3,000, and \$4.50 for 5,000 lots.

One of the points that I want to make is that the duty on lithographic matter being 5 cents a pound is unjust, because the small quantities pay only about 2 or 3 per cent duty, whereas large quantities come up to 15 or 20 per cent duty.

The point I want to make is, where the hand labor enters into the cost the difference is very much greater than where they are produced by machinery.

The first cost of a post card is engraving, and that is where the labor enters into it. In the small editions is where the great differences are, in lots from one to five thousand, and that is where the bulk of the sales are made.

There are only a few places in the country where they can use an edition of over 5,000 cards. Such places as Washington, New York, Chicago, and Niagara Falls will use a large edition, but nine out of ten localities will use smaller editions—editions of from 3,000 to 5,000 cards—and there is where we do not get a show.

The lithographing is very similar to printing. Lithograph cards pay a duty of 5 cents. Printed cards pay a duty of 25 per cent, and it takes an expert to tell the difference between the two. Even experts sometimes are unable to tell the difference, and it is not a just thing to put a different duty on lithographing from that on printing.

Another point is that cardboard pays a duty of 25 per cent. Lithographic stones, engraved, pay a duty of 25 per cent. Printing plates, engraved, pay a duty of 45 per cent. In other words, all the things that enter into the manufacture of post cards pay a duty of from 25 to 45 per cent, whereas post cards themselves pay 5 cents a pound, which averages from 4 to 15 per cent, according to the quantity.

Mr. CLARK. How would it strike you to cut down the tariff on the ingredients?

Mr. ARTMAN. As far as we are concerned, it would strike us all right; that is to say, if we could buy our engraving abroad and bring it here and our cardboard abroad and bring it here we would be satisfied; we think we could compete. But the cardboard manufacturer would not be satisfied nor the other manufacturer—

Mr. CLARK. I am not asking you what he wants, but what you want. It comes to the same thing in the end, whether we cut down somewhere or raise somewhere, does it not?

Mr. ARTMAN. No, we can do business better when we buy in the United States than when we buy abroad. If we would order engravings abroad, for example, there would be two or three weeks' time consumed in getting the order there, and then two or three weeks' time consumed in getting the goods back here, and engravings and proofs have to be submitted and passed on before they are ordered, and then returned, and that would be another six weeks' delay. In other words, our business would be greatly hampered by that method.

So far as cardboard is concerned, of course we could use cardboard that we bought abroad as well as cardboard manufactured in this country, but we know of course if we want protection that other manufacturers should have protection.

STATEMENT OF MR. MATTHEW WOLL.

The witness was duly sworn by the chairman.

Mr. WOLL. Mr. Chairman, I want to talk in regard to the photo-engravers.

The CHAIRMAN. I understand you want about ten minutes.

Mr. WOLL. Yes, ten minutes will be sufficient time to plead my case.

I appear here in behalf of the photo-engravers and in the interest of the workers.

This post-card proposition which has been spoken of to the committee is one which seriously affects the workman of the photo-engraving craft. The photo-engraving craft is a very new craft; it has not been very long in existence, about twenty years or less than that since it has been of commercial value in this country.

In our early period we had no foreign competition to speak of, but since the development of the craft, the skill of the members, we have realized that there is a great deal of competition from the foreign shores, particularly in the post-card and in the calendar work.

That has been due to the development of the craft, and it has not been until in recent years that we have come to our legislators to seek remedial legislation to protect the American workmen.

Now, in the post-card trade and the calendar trade, the photo-engravers are affected particularly, inasmuch as the post card and calendar trade is a business which has been used heretofore to fill in the idle time of those engaged in that work. In other words, the photo-engravers have nothing to sell but their skill. They can not accumulate any stock in trade, and, as the nature of the business is, it is confined largely to making photo-engravings for advertising purposes. Advertising as a rule is usually done in two seasons of the year, that is, this is work that comes periodically once or twice a year. Our busy seasons are in the fall and in the spring. During the winter time and during the summer time we are very slack in our work.

Now, those times have always been taken up with this post-card work and this other illustrating work, which has given our men employment during the entire year. But now, with the competition from Europe, we find that even that work has left us. That is the post-card work. Under the conditions that exist now they can produce that work abroad much cheaper than we can here, and therefore it has thrown many of our men out of employment during those seasons of the year.

Not only is the post-card work affected disadvantageously in this matter, but that also refers to the calendar work that we formerly did.

We are not only suffering on account of the idleness of our men, caused by the things I have stated, but we also find that our men are affected in another way. Calendar work is of a high class, it is artistic work, and it is a great disadvantage to our workmen to be deprived of that high character of work. The calendar work is, as I have said, artistic work, and we feel that inasmuch as it is our aim to have as high an ideal as possible, to have a high standard of work and to come up to that standard as far as possible, we want to be given the inducement that we find in this calendar work and other work like that. That sort of work increases our skill, and unless we can get that work we can not in any other way well acquire that high grade of skill. We can not get it simply by reading books and studying; we can only get it by doing the actual work.

Therefore, we think we need some protection from the legislature in that matter.

In the post card and calendar work is where we need protection. We do not ask protection on the other kinds of work—the catalogue work, or the periodical work, or the magazine work. In work of that kind the conditions themselves give us protection, because the immediate demand for that kind of work will not permit it to be sent out to foreign countries to be done. But as to post card work, which is merely like what we might call stock in trade, that can be sent to foreign countries and done over there, and in that way our workmen are deprived of employment at a time of year when they would especially like to have it.

I do not care to consume any more of the time of the committee unless there are some questions. I understand that a gentleman was here this morning, and he stated the case of the publishers from the publishers' viewpoint.

Mr. LONGWORTH. What do you ask?

Mr. WOLL. That our protection be higher, that a higher duty be placed on this printed matter. If the committee wants any statistical information on this I will be very glad to furnish it.

I was passing through the city here, and I was glad to take this opportunity to appear before you and speak for my craftsmen. Those are the facts. We feel particularly that this work, which has always been done by engravers, is a sort of filling-in work, to keep our men employed continually; is work that it is very desirable for us to continue to have. We have now been deprived of that work. Also, as I have said, because it fixes the price which, once fixed, is going to affect the other work.

As for the calendar work, the same tendency is noticeable there. That work is not work that has to be done in such a hurry. They can wait months for it. Because they can wait that length of time for it, they send to the foreign importers to have that work done. Naturally we feel that we ought to do that work, not only to keep our men employed, but also to give us the opportunity of bettering our craft.

The laws of this country, I understand, are meant to develop the artistic instincts of the people; and, as I have said, in no way can our high standard of work be kept up so well as by doing this most artistic work; we can not accomplish the same thing by studying, or in any other way.

If we have a chance to do this work I am sure that we will gain more than by merely having other people make those cards and we simply observing them.

I think that practically concludes our case, the case of the photo-engravers. We are not asking any protection to build up any industry, but we do ask protection to maintain the industry that we have already built up in the last few years.

Unless we get what we ask we will have serious competition. It will make it hard for the employers, as well as for the workmen, for this reason: In the photo-engraving trade the cost of production is largely the cost of labor. Recently a committee was appointed to determine the actual price of production. This committee reported that between 60 and 70 per cent of the cost in photo-engraving is the cost of labor. You can readily see how we are affected by this proposition. It means a great deal to the members of our craft.

Mr. GAINES. What wages do you make?

Mr. WOLL. The photo-engravers' wages range from \$18 to \$30 a week.

Mr. LONGWORTH. And what do the Germans get?

Mr. WOLL. In marks, almost the same figures.

Mr. LONGWORTH. That would be about four times as much as you get, then?

Mr. WOLL. Yes; if you consider that they get the same figure in marks. We feel that with the training that is required to produce photo-engraving and the conditions under which we must work—because we are a sort of artistic craft—we feel that the wages are not any too high, and it surely will not relieve us or give us an opportunity to better the craft by cutting down the wages, which we have now, and compelling us to separate the craft still more and practically do away with the artistic part of it.

If there are any questions as to the photo-engravers, I will be glad to try to answer them.

The CHAIRMAN. Is Mr. Wolf present?

[No response.]

The CHAIRMAN. I have a list here of six gentlemen who desire to talk on peanuts. I also understand that there are other persons who desire to be heard. I do not think that the committee would be willing to have six gentlemen take an hour apiece. Have you made any arrangement about dividing the time, Mr. Lassiter?

Mr. LASSITER. No; no arrangement has been made.

The CHAIRMAN. Can you arrange so that two or three speakers can be heard?

Mr. LASSITER. I think we can arrange for three speakers.

The CHAIRMAN. How much time will they want?

Mr. LASSITER. I am told that all the speeches together will not take over an hour.

The CHAIRMAN. Well, we will see that they do not.

**STATEMENT OF HON. FRANCIS R. LASSITER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VIRGINIA.**

The CHAIRMAN. Do you want to be called on at any particular time?

Mr. LASSITER. I should like to finish my statement.

The CHAIRMAN. Proceed.

Mr. LASSITER. I think it would facilitate matters if I were allowed to finish.

I have looked into the statistics available in the department here, and as I seem to be the only one who has them in a concrete form I think it will facilitate matters to make a brief statement to the committee.

Mr. GAINES. What paragraph?

Mr. LASSITER. Paragraph 271.

It may or may not be known to the committee that peanuts are produced in eight States in the Union—Virginia, North Carolina, Georgia, Alabama, Florida, Tennessee, Texas, and South Carolina. There are no figures as to the domestic production since the last census, of 1899, nor have there been any estimates made by the Agricultural Department.

The figures show that in 1899 there were about 12,000,000 bushels of peanuts produced in the United States, an increase of 233 per cent over the previous period. Now, while I have no official figures, it is estimated by many gentlemen connected with this industry that the percentage of increase in the domestic industry has largely decreased in the last ten years.

Peanuts, so far as I know them, are especially adapted to the worn-out lands of the South. They are raised, to my knowledge, upon lands which, within my public life, sold for \$2 an acre, and which now in many communities have improved so that they sell for over \$10, \$12, and sometimes as high as \$15 an acre.

This increase in the value of land has been brought about absolutely by this crop, because it would produce no other crop; and this crop at that time was produced by cheap labor. As the wages of

labor have increased, the territory put into peanuts has decreased, and the proportion of profit to the farmer has almost disappeared.

The CHAIRMAN. I want to make one suggestion to you right here. Our books show that the production of peanuts in the United States in 1907 amounted to \$10,000,000, and that the importations were about \$500,000 worth that year, although that was an abnormal year. Before that they were inconsiderable, for ten years.

Mr. LASSITER. That was a very abnormal year.

The CHAIRMAN. And that there are 600,000,000 bushels of peanuts consumed in the whole world.

Mr. LASSITER. Now, I have a letter here from the Department of Commerce and Labor, stating that neither that department nor the Agricultural Department has made any figures or estimate for the product of peanuts since 1889. I do not know what figures the committee have, or what means they have for collecting figures, but they are not available to Members of Congress at the Department of Commerce and Labor. The year 1907, you have very properly stated, was a year of large production, and the year when the peanut approached, if it did not reach, a profitable price to the farmer. The committee will recollect the year of 1907 was a very profitable one all over the United States in every industry. In that year the price of the peanut—the shelled peanut—rose to 5.1 cents. The price of the peanut in the hull rose to 3.6 cents. In that year there was the most extraordinary importation of peanuts that has ever occurred in the history of the peanut industry. There were brought into this country, largely from Japan, about ten and a half million pounds of peanuts.

Mr. DALZELL. Unshelled?

Mr. LASSITER. Unshelled. There were brought in of the shelled nuts 4,780,054 pounds, and in direct competition with what is known as the Spanish, produced in most of these States.

Mr. HILL. A certain number of pounds of shelled would be equivalent to how many pounds of unshelled—2 to 1, or 2½ to 1?

Mr. LASSITER. About 20 pounds in a bushel of peanuts, so I am told.

Mr. HILL. Thirty pounds to a bushel; do they not run about that way?

Mr. LASSITER. I am told about 16 pounds of first-class goods.

The CHAIRMAN. Are you able to state what the value of the shells is for breakfast foods?

Mr. LASSITER. On the contrary, I regret that my constituents did not bring some samples, as they seem to be enjoyed by the committee; but I take it that peanuts are too well known as a luxury for both the poor and the rich, so that we did not think it necessary to have them in evidence.

The CHAIRMAN. I was trying to get out how many carloads of shells were used for breakfast food. I have been informed that they do use them for that purpose.

Mr. LASSITER. I do not know about the value of them as a breakfast food, but I regard them as a unique luxury for the poorer agricultural classes, which all politicians are anxious to please.

The CHAIRMAN. I suppose you notice that we export 6,000,000 or 8,000,000 pounds annually?

Mr. LASSITER. We do, notwithstanding that there is a tariff in Canada of 3 cents a pound. Canada takes 3,500,000 pounds from the United States, although it has a tariff on peanuts of 3 cents.

The CHAIRMAN. The Netherlands take over a million pounds.

Mr. LASSITER. I merely mention Canada. I don't know what the tariff is in the Netherlands. Canada is our largest market outside of the United States.

Mr. DALZELL. What are you advocating?

Mr. LASSITER. I am advocating an increase in the duty on both shelled and unshelled.

Mr. DALZELL. How much?

Mr. LASSITER. Two cents on one and 3 cents on the other.

The CHAIRMAN. Do you want to have an increased duty of 2 cents on the unshelled?

Mr. LASSITER. And 3 cents on the other, for the reason, gentlemen of the committee, that this product has arrived at a point where our farmers can not produce them at a profit.

The CHAIRMAN. You advocate that as a protection against Japanese peanuts?

Mr. LASSITER. I suppose it would operate in a measure as a protective duty, but the Japanese can raise peanuts so much cheaper than our people can raise them under modern conditions, since the negroes in the South have practically left the fields, that it is impossible to draw a comparison between the cheapness of the present labor in Japan and Spain and Africa with the labor of the white man of the South, which now produces these peanuts.

I would go over the importation tables, but, of course, they are available to the members of the committee, showing that peanuts have constantly increased in coming into this country for the last nine years and the ad valorem tax has constantly decreased. This, by the way, is the lowest tax that was ever put upon peanuts. I have compared the tables since 1866.

Mr. GAINES. What was the tariff on peanuts under the Wilson law?

Mr. LASSITER. One cent and $1\frac{1}{2}$ cents.

The CHAIRMAN. The Wilson tariff was 20 per cent?

Mr. LASSITER. Yes; that is equivalent—

The CHAIRMAN. And this averages from 14 per cent up to 23 per cent, and 46 per cent one year, according to the price of peanuts?

Mr. LASSITER. From the figures which I have—

Mr. RANDELL. The McKinley tariff was 1 cent.

The CHAIRMAN. That is right.

Mr. LASSITER. The figures I have taken are from the census statistics, and they show that from the year 1900 until the year 1908, upon nuts in the shell, the average ad valorem tariff ranged from 18.25 in 1900 to 12.72 in 1908. I think that is a matter that should certainly be taken into consideration in this matter.

The committee evidently at that time put upon this article a price which it could bear, or thought it could bear, but as the conditions have so entirely changed the gentlemen who are interested in this industry submit that at least former conditions should be restored.

Mr. UNDERWOOD. I would like to call your attention to this point: I do not suppose the people who are growing peanuts expect a prohibitive tariff any more than they would expect a prohibitive tariff to be levied on steel or iron or anything else.

Mr. LASSITER. Certainly not; none of them that I have ever talked with.

Mr. UNDERWOOD. I notice here, as the chairman has pointed out, that the consumption of peanuts in this country amounts to 10,000,000 bushels a year and the importation to a little over 6 per cent of the total consumption of this country—only 6 per cent. That is very close to an absolutely prohibitive tariff as it stands.

Mr. LASSITER. I think the matter had better be explained to the committee by some gentlemen who are familiar with the industry.

Mr. RANDELL. In 1907 the imports were over 10,000,000 pounds, more than 6 per cent of the consumption.

Mr. UNDERWOOD. But the production was 4,000,000 bushels, against 15,000,000 pounds importation.

Mr. LASSITER. Four million bushels?

Mr. UNDERWOOD. Yes, as against 15,000,000 pounds of importation.

Mr. LASSITER. Four millions of bushels?

Mr. UNDERWOOD. I was comparing the prices, which made it simpler.

Mr. LASSITER. I will be very glad to be referred to that source of information, because we would like to go over it.

Mr. UNDERWOOD. The information we have was prepared by the Bureau of Commerce and Labor. I do not know their source of information.

The CHAIRMAN. This information has been gathered by a corps of experts.

Mr. UNDERWOOD. A corps of experts from this committee.

The CHAIRMAN. With all the information they could get from every source.

Mr. UNDERWOOD. And they give the total consumption in this country as \$10,000,000 worth, and the total importation, which I believe is absolutely correct, as those figures are kept by the Treasury Department, as a little over \$600,000. Now, that makes the importation, as compared with the consumption, just practically 6 per cent. That is very nearly a prohibitive tariff.

Mr. LASSITER. The conditions surrounding the trade can be better explained by the other gentlemen, who are thoroughly familiar with this business. I would simply say that so far as Pacific imports are concerned, our people are entirely prevented from competing on the Pacific coast, where they formerly had a larger trade, by the duty and by the railroad transportation. The Japanese can lay these goods down in San Francisco, as I understand it, cheaper than our people can produce them. In that way the farmers of the United States, if none of these nuts were produced on the Pacific slope, or if they are in such inconsiderable quantities that they do not form a part of commerce, and are not returned in the census, the farmers in the eastern part of the United States have absolutely lost the whole Pacific trade.

Mr. UNDERWOOD. What I wanted to draw your attention to was this: To write a tariff bill, if we expect to get any revenue from it, the articles on which the tariff is levied must produce some revenue, and with the importations being only 6 per cent now, if we were to increase the duty, would it not become prohibitive and produce no revenue whatever?

Mr. LASSITER. I think not, sir, for several reasons.

Mr. UNDERWOOD. I would like you to address your remarks to that, as to the effect it would have on the revenue if we increased it to 2 cents on the peanut in the shell and 3 cents for the shelled peanuts.

Mr. LASSITER. In the first place, the Japanese are protected by the freight rates. Their freight rates are very heavy.

Mr. RANDELL. Under the McKinley bill, with only 1 cent a pound duty, the importations went down to 13,000 pounds, so that that was practically a prohibitive duty; and under the Wilson bill, when the duty was 20 per cent, the industry seemed to be encouraged—

Mr. LASSITER. That is practically 66 $\frac{2}{3}$ per cent on the average goods.

Mr. RANDELL. It got up to 138,000 and then went down to 4,000 pounds, showing the importation was stopped.

Mr. LASSITER. Under what bill?

Mr. RANDELL. Under the Wilson bill. Then, when the present bill went into effect, in 1898, imposing a duty of one-half a cent a pound, the importations increased from 77,000 right straight along by leaps and bounds to 10,000,000 pounds. Now, you say that interference on account of the difference in the quality of the peanut, if you put on 2 cents a pound, that would be absolutely prohibitive: would you not say so?

Mr. LASSITER. I do not think so, because there is a difference in labor that did not exist twenty years ago and certainly did not exist ten years ago.

Mr. RANDELL. Does it not indicate that somewhere between half a cent and a cent would bring in the most revenue to the Government?

Mr. LASSITER. I think not. I intended to emphasize the fact that labor in places where these nuts are raised has increased from 30 to 35 cents for women to 75 cents for women and for men from 40 to 45 to 50 cents a day up to \$1.25 a day, and scarce at that, almost impossible to get.

The CHAIRMAN. Before you fully answer that question I want to call your attention to another circumstance, that while the imports in 1907 were 14,000,000 pounds, that in 1906 they were about 3,000,000 altogether, or, in other words, 1907 we find to have been an abnormal year in everything that is imported. There was a large increase over the three or four years preceding; but the average importation of several years preceding was annually about 3,000,000 pounds for five or six years.

Mr. LASSITER. Yes; I have noticed that.

The CHAIRMAN. And it jumped to 14,000,000 pounds in 1907?

Mr. LASSITER. There was not only prosperity in the country, when people could afford to indulge in luxuries, but we had a failure of the peanut crop in large sections of the South, and peanuts in that year were profitable as they had not been for many years, and the foreign producer, recognizing that, set in a very large production, because when it reaches where other people can live they can undersell us—

Mr. HILL. What are they worth a bushel now?

Mr. LASSITER. There is a peculiar instance of that fact this minute. A gentleman came from my home last night and told me the value of the Spanish nuts had jumped up from 80 a few days ago to 92 and then 94 $\frac{1}{2}$.

Mr. HILL. What are the average peanuts worth a bushel?

Mr. LASSITER. It is hard to get an average, because I would have to divide them between the Spanish nuts and Virginia nuts, which is not done by the figures. I would like to call the attention of the committee to that matter specifically. I would say that it costs us somewhat more to raise the Spanish nuts than it does to raise the Virginia nuts.

Mr. HILL. Well, what does the Virginia farmer get for the Virginia nut this year?

Mr. LASSITER. This year he gets about 3 cents.

Mr. HILL. And that would be 90 cents a bushel?

Mr. LASSITER. No, no; About 60 cents.

Mr. HILL. There are 30 pounds to the bushel?

Mr. GAINES. Twenty-two pounds of Virginia peanuts, 30 pounds of the other kind, the Virginia peanut being larger.

Mr. LASSITER. It is very important to notice those distinctions, and I hope they will be noticed in the next census.

But as soon as these Virginia peanuts arose to a point where they were approximately profitable to the farmer who did his own labor, immediately there came telegrams from New York that the importers had a cargo of Spanish peanuts on the water, and the prices dropped.

STATEMENT OF ALVAH H. MARTIN, OF NORFOLK, VA.

The witness was duly sworn by the chairman.

Mr. MARTIN. I hail, gentlemen, from the city of Norfolk, the leading peanut market in this country, and I desire to call attention to the fact that the importation of peanuts is from Africa, Japan, and Spain, where the very lowest wages prevail, and we realize that the importations are increasing, and we also realize that the agriculturists who are raising that crop are getting very much discouraged.

The price that now prevails, 3 cents a pound for the Virginia crop, scarcely pays the cost of production, and unless a change occurs they will have to refrain from raising them, and it seems to me, gentlemen, that under such circumstances as these, that it is a very proper case for increasing the tariff on this article.

I think that we should not be brought into close competition with countries that use the cheap labor, the very cheapest labor that is to be had.

That is the main point, and I will give way to some one else if there are no questions.

Mr. FORDNEY. How many bushels of peanuts are produced per acre on a fair average?

Mr. MARTIN. About 40 bushels, I understand, and the gentlemen that follow me will give you the items of cost and they will show very plainly that peanuts can not be raised at the present prices.

Mr. UNDERWOOD. I will ask you this: Do you think that an influx into the market of 6 per cent of a product seriously affects that market?

Mr. MARTIN. Yes, sir. I think that where the market is congested, as it is—there are only a few States that raise this crop, and I think it would affect it materially, but I believe—

Mr. UNDERWOOD. Let me ask you a question right there: Is not the congested condition of the market and the low prices the peanuts

are bringing due to the large production of peanuts in this country and not the importation?

Mr. MARTIN. No; I think the reverse is true. I think it is the congested locality that this crop is produced in.

Mr. UNDERWOOD. The American crop varies in production more than 6 per cent a year, does it not?

Mr. MARTIN. I think it does.

Mr. UNDERWOOD. Last year, when Mr. Lassiter said there was an increase in price on account of the short crop, how much did the crop fall off?

Mr. MARTIN. I am not prepared to answer that, but I do know the importations have increased, and I believe they are going to continue to increase.

Mr. UNDERWOOD. Have you the figures for 1908, as to the importations?

Mr. MARTIN. I have not, but I have been advised that there is a steady increase in the importations. I have been so told by gentlemen who know.

Mr. CLARK. Are you a farmer or dealer in peanuts—which?

Mr. MARTIN. I am a resident of the county of Norfolk.

Mr. CLARK. What I am trying to get is whether you know about the raising of peanuts.

Mr. MARTIN. I know something about the raising of peanuts; I have raised some, but I do not pretend to be an expert in the matter.

Mr. CLARK. You answered Mr. Fordney as to how many bushels were raised on an acre. What was the number you gave?

Mr. MARTIN. About 40 bushels to the acre.

Mr. CLARK. And the average price is what?

Mr. MARTIN. Three cents a pound, which would be 66 cents a bushel.

Mr. CLARK. The average price—it is low, is it not?

Mr. MARTIN. I think so.

Mr. CLARK. What is the average price of peanuts?

Mr. MARTIN. Well, at this time it is 3 cents.

Mr. CLARK. I am not talking about this time. What has been the average price for the last 10 years?

Mr. MARTIN. I am going to turn that matter over to some of the growers, who can give you all of the details.

Mr. CLARK. If you would rather not answer the question, all right.

Mr. MARTIN. I am going to ask you to inquire of some one who is more familiar with the business.

Mr. CLARK. Which one shall I propound it to with the best chance of getting the information I want?

Mr. MARTIN. The gentleman that follows me.

Mr. CLARK. The one who will immediately follow you?

Mr. MARTIN. Yes.

Mr. CLARK. All right.

Mr. HILL. I would like to call your attention to the blue circular issued for printing to-morrow morning that in almost all these items of export the valuations have gone very largely below, while the quantities have fallen off very little for the year 1908, so that this whole importation would seem to be absolutely abnormal, and I really believe your fears are unfounded. The importations have been largely increased by reason of the exceedingly small valuation,

not only on this but on everything, right straight through the list. While Mr. Underwood called attention to the fact that the importations were 6 per cent, if he will go back to 1906 he will find that they are only about 1 per cent.

Mr. MARTIN. I was told recently by the collector of the port of Norfolk that the importation of peanuts was growing right along.

Mr. CLARK. That is because the consumption of peanuts has increased enormously; people are just really waking up to the quality of the food that is contained in peanuts, are they not?

Mr. MARTIN. I know this to be a fact, that in several years the growers have had to carry their crops for several months.

Mr. CLARK. How did that happen, if only 6 per cent of the product is brought in from abroad?

Mr. MARTIN. Because there was not a demand for the peanuts.

Mr. CLARK. What you really want, then, is a prohibitive tariff against foreign peanuts?

Mr. MARTIN. We want a tariff that will protect us. I am for protection, out and out.

Mr. CLARK. Suppose we had a tariff of \$40 a ton on peanuts and you raised more peanuts than could be consumed in the United States, what good would the tariff do you?

Mr. MARTIN. The revenue you are going to get from peanuts is not going to be very large. I do not see any great advantage to be gained in that direction.

Mr. CLARK. I am asking you a plain, simple question. If we put on such a tariff as to make it absolutely prohibitive and you raise more peanuts than the American market would consume, then what good would a tariff do you?

Mr. MARTIN. This is an instance, in my opinion, where a tariff could be levied in that way, just the same as a tariff is levied in the interest of woolgrowers and wool manufacturers, or other things that I could name—

Mr. CLARK. Certainly. The others are getting it, and you want it?

Mr. MARTIN. Certainly we want it.

Mr. CLARK. And you come as near having a prohibitive tariff now as anybody in the whole list except two or three cases where the tariff has reduced the importations to practically nothing?

Mr. MARTIN. I do not think that that is prohibitive, since the importations have increased 6,000 per cent since 1900.

Mr. CLARK. But it only increased the entire amount of peanuts in the United States 6 per cent.

Mr. MARTIN. In this congested locality, all the peanuts are raised there, that is the trouble.

Mr. CLARK. All peanuts are not raised in Virginia and North Carolina, are they?

Mr. MARTIN. The principal quantity of them are raised there. Norfolk is the principal market.

Mr. CLARK. But that has not a thing in the world to do with it. Don't they raise peanuts in Arkansas?

Mr. MARTIN. Yes, sir.

Mr. CLARK. They can raise peanuts in Missouri?

Mr. MARTIN. The principal States are Virginia and North Carolina and that section.

Mr. CLARK. I know they raise more than any other State, because they have got in the habit of doing it.

Mr. MARTIN. I suppose they do not raise them in other States because the raising of them is not profitable.

STATEMENT OF MR. C. F. DAY, OF SMITHFIELD, VA.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Please state your full name to the stenographer.

Mr. DAY. C. F. Day, of Smithfield, Va. I am here, gentlemen, representing the growers of Virginia peanuts.

The CHAIRMAN. Proceed, Mr. Day.

Mr. DAY. I would prefer to answer questions asked by the committee, rather than to give in my testimony. I can answer questions better than I can make a statement.

Mr. CLARK. If you will state what it is you want, I will ask you a few questions.

Mr. DAY. All right, sir.

Mr. CLARK. That is, if nobody else wants to ask them.

The CHAIRMAN. Proceed, Mr. Day.

Mr. CLARK. What is it you want, Mr. Day?

Mr. DAY. We want the tariff on peanuts put at 2 cents a pound.

Mr. CLARK. What for?

Mr. DAY. For the sake of protection.

Mr. CLARK. Why, there is only 6 per cent imported now. Is not that so?

Mr. DAY. There is enough imported now from Japan to affect the price of the Virginia product on the Pacific coast.

Mr. CLARK. But it is true that there is only 6 per cent imported?

Mr. DAY. I do not know about that; but there is plenty imported to affect the price of ours on the Virginia coast.

Mr. CLARK. The chairman says that the average percentage of imports is only about 2 per cent.

Mr. DAY. There is enough imported from Japan now on the Pacific coast to prevent the shipping of our goods to the Pacific coast.

Mr. CLARK. Are you a raiser of peanuts?

Mr. DAY. I am.

Mr. CLARK. You are a farmer?

Mr. DAY. I am.

Mr. CLARK. What is the average crop of peanuts in Virginia, in the country around there?

Mr. DAY. About 35 or 40 bushels.

Mr. CLARK. About 35 or 40 bushels?

Mr. DAY. Yes, sir.

Mr. CLARK. To the acre?

Mr. DAY. To the acre; yes.

Mr. CLARK. It turned out here awhile ago that it was 66 bushels.

Mr. DAY. Oh, no; no one has made that statement.

Mr. FORDNEY. That was the price.

Mr. DAY. You have got the prices mixed up with the quantity.

Mr. CLARK. How much is the average crop?

Mr. DAY. I would say 35 bushels.

Mr. CLARK. And what is the average price?

Mr. DAY. About 3½ cents.

Mr. CLARK. It will not go as high as 4 cents, you think?

Mr. DAY. You asked for the average.

Mr. CLARK. Yes.

Mr. DAY. The average is $3\frac{1}{4}$ cents.

Mr. CLARK. For the last ten years?

Mr. DAY. For the last ten years.

Mr. CLARK. How much does the land cost to raise them on?

Mr. DAY. Our land sells from \$10 to \$50 an acre.

Mr. CLARK. How long have you been raising peanuts in Virginia?

Mr. DAY. Ever since 1865.

Mr. CLARK. And it has been one of the most profitable crops in the State, has it not?

Mr. DAY. It has been up until recently. It is not profitable now. We can not grow them now at a profit.

Mr. CLARK. Is not the the reason that the competition has become so great, because of the fact that the peanut crop has been so profitable that it has extended not only over larger areas in Virginia and North Carolina, where it originated, but over all of the Southern States, including the southeast corner of Missouri, and that they have gone into the business of raising peanuts because it is more profitable than to raise corn or cotton?

Mr. DAY. I do not know that. We only come into competition with the Virginia and Carolina peanut. That is the only one known to the trade.

Mr. CLARK. And it is so known to the trade because you got the bulge on the rest of the world in raising peanuts, and you fastened your name on it. The Tennessee and Arkansas growers to-day, when they raise them, have to sell them under the name of Virginia and Carolina peanuts, do they not?

Mr. DAY. They are sold under the name of Virginia peanuts—the Tennessee peanut is.

Mr. CLARK. And all the rest, too.

Mr. DAY. When they are Virginia peanuts; yes. The others are not.

Mr. CLARK. The Virginia peanut got the reputation of being the best peanut, and then the rest of the people, including those in Missouri that have gone into the business, simply took shelter, so to speak, under the shield of Virginia in selling their peanuts.

Mr. DAY. I think it likely that Missouri sells its peanuts as Virginia peanuts.

Mr. CLARK. I think the chances are 100 to 1 that they do.

Mr. DAY. I think so.

Mr. CLARK. Can you raise anything else on the land that you raise the peanuts on?

Mr. DAY. Not profitably.

Mr. CLARK. Can you not raise corn on it?

Mr. DAY. No.

Mr. CLARK. Or tobacco?

Mr. DAY. We have not grown tobacco since the war.

Mr. CLARK. That is because the peanut crop is more profitable than the tobacco crop, is it not?

Mr. DAY. Our people do not know anything about growing tobacco.

Mr. CLARK. Do they raise wheat?

Mr. DAY. Not since 1861. We grow peanuts exclusively in the Isle of Wight.

Mr. CLARK. That is because it is the only crop you can grow?

Mr. DAY. It is the only one we can grow.

Mr. CLARK. Why. I thought you could raise anything in Virginia. You raise corn—

Mr. DAY. Only in a certain part. Not in the Isle of Wight.

Mr. UNDERWOOD. I want to ask you one or two questions. Has not the price of peanuts been constantly increasing since 1898?

Mr. DAY. No.

Mr. UNDERWOOD. I have before me the Treasury figures as to the price of the imported peanuts, and this gives the price without the duty added, of course. The price that I read to you would have to have added half a cent duty to show what the foreign peanut was worth in the American market; but as giving the value of the foreign peanut, these Treasury figures show that, in 1898 the value of the peanuts per pound was 1 cent and one-tenth; in 1899, 2.1 cents; in 1900, 2.7 cents; in 1901, 2.5 cents; in 1902, 2.3 cents; in 1904 it was 2.7 cents; in 1905 it reached 3 cents; in 1906 it reached 3.2 cents; and in 1907 it reached 3.6 cents. Now, as I say, to reach the value of that peanut in the American market you would have to add half a cent duty, but that shows a constantly increasing value of the imported product, as shown by these Treasury figures. I take it that the constantly increasing value of the imported product would indicate a continually rising American product.

Mr. DAY. The Virginia peanut to-day is worth in the Norfolk market $2\frac{3}{4}$ to $3\frac{1}{4}$ cents a pound. The cleaners of those goods are charging $4\frac{1}{4}$ cents for the cleaned product. Japan is putting her peanuts into the Pacific ports to meet those prices—the prices of our cleaned product. They ship better goods than ours. Their farmers' goods will supply the place of our cleaned goods, and they are putting them into the Pacific ports to meet ours. We can not ship west of the Mississippi.

Mr. UNDERWOOD. The value of the Japanese product in 1907, if these figures are correct—and I presume they are—must have been the value of the product which is fixed here at the average value, at 3.6 cents, which, with half a cent added, would mean that the value of the Japanese product at San Francisco would have been 4.1 cents. What do you say the value in 1907 of your product was?

Mr. DAY. About $4\frac{1}{2}$ to 5 cents; but when Japan ships her peanuts she is shipping just enough to meet our prices and to destroy our market.

Mr. UNDERWOOD. It does not destroy your market in the East, does it?

Mr. DAY. No; it does not destroy our market in the East, because the freight across the continent is about \$1.30 a hundred.

Mr. UNDERWOOD. As a matter of fact, there is a point between Norfolk and San Francisco where the freight rate gives you largely the advantage. Is not that true?

Mr. DAY. Well, I speak of course as to the Pacific ports.

Mr. UNDERWOOD. And therefore—

Mr. DAY. The freight rate from Norfolk to San Francisco is \$1.30.

Mr. UNDERWOOD. And the rate from San Francisco to Norfolk would be about the same?

Mr. DAY. It must be about the same.

Mr. UNDERWOOD. Therefore, under those circumstances, the Japanese peanut can not cross the Mississippi River coming this way, can it?

Mr. DAY. They can not under the present conditions; but last year there were tens of thousands of bags brought into Virginia from Japan and cleaned there in competition with Smithfield.

Mr. UNDERWOOD. They do not come from San Francisco, though?

Mr. DAY. No; they come through the Suez.

Mr. UNDERWOOD. But, as a matter of the general condition of the trade, you control under the present duty the market this side of the Mississippi River, do you not?

Mr. DAY. No; we do not control it at all, now. The present duty is absolutely inadequate to meet the present conditions. We want a tariff of 2 cents.

Mr. UNDERWOOD. At Norfolk, how much is the local production of peanuts?

Mr. DAY. At Norfolk City?

Mr. UNDERWOOD. Yes.

Mr. DAY. None.

Mr. UNDERWOOD. I mean——

Mr. DAY. The receipts?

Mr. UNDERWOOD. What are the receipts?

Mr. DAY. I should think something like 1,000,000 bags went into Norfolk.

Mr. UNDERWOOD. What is the importation of the foreign peanuts at Norfolk?

Mr. DAY. There were, I suppose, 15,000 or 20,000 thousand bags brought in last year—just enough to destroy the market.

Mr. UNDERWOOD. You have a million bags in your local market as compared to fifteen or twenty thousand bags. You see that is only about 2 per cent of the importations.

Mr. DAY. It is enough to destroy the market.

Mr. UNDERWOOD. I wanted to ask you to look at it from the standpoint of this committee, where there is some revenue expected out of the proposition. If we make the duty higher, where would the revenue come from?

Mr. DAY. I am not interested in the revenue. We want protection.

Mr. UNDERWOOD. You want protection, even if we do not get any revenue?

Mr. DAY. Yes, sir.

Mr. UNDERWOOD. If we apply that proposition right along the line, to every manufacturing business, we will probably have to build a Chinese wall around the United States and levy whatever tax might be necessary.

Mr. DAY. The importation of peanuts is very small, and the revenue would be very small; but the effect on the peanut farmer is very great.

Mr. RANDELL. Your idea seems to be that the lemon producer on the Pacific coast should put the tariff up high so as to compel the people to get lemons there, and not get them from Italy, and that you on the Atlantic coast should put it so high that they would have to get your peanuts instead of getting them from Japan?

Mr. DAY. Yes.

Mr. RANDELL. And then the people engaged in the lemon business and in the peanut business, and those who use them, would be paying you producers a very high price.

Mr. DALZELL. You want an advance, as I understand, of 400 per cent on the tariff in protection of peanuts, in one instance, and 300 in the other. You advocate the same figures as the first witness?

Mr. DAY. Yes.

Mr. DALZELL. Do you believe in a tariff for protection?

Mr. DAY. I want protection on peanuts. [Laughter.]

Mr. DALZELL. Do you believe in a tariff for the protection of anything else?

Mr. DAY. Well, yes; I must say I do.

Mr. DALZELL. You do?

Mr. DAY. Yes.

Mr. DALZELL. Then you are a protectionist?

Mr. DAY. No; I am not. [Laughter.]

Mr. DALZELL. To what extent are you a protectionist?

Mr. DAY. I believe that certain industries of the country ought to be protected.

Mr. DALZELL. What are they?

Mr. DAY. I think Virginia tobacco is one.

Mr. DALZELL. And you think Virginia peanuts is another?

Mr. DAY. Peanuts is another.

Mr. DALZELL. Anything else? Do you believe that any of the growers outside of Virginia ought to be protected? [Laughter.]

Mr. DAY. There are a good many things that grow outside of Virginia that are protected. [Laughter.]

Mr. DALZELL. But I ask you if you think that anything that grows outside of Virginia ought to be protected?

Mr. DAY. Why, yes; I reckon so. I can not tell what they are, though. [Laughter.]

Mr. DALZELL. What are they?

Mr. DAY. I can not tell what they are. [Laughter.]

Mr. DALZELL. But you think that an advance of 400 per cent and 300 per cent in protection for peanuts is a reasonable request to make of this committee?

Mr. DAY. I do.

Mr. DALZELL. That is all.

Mr. HILL. Three hundred per cent of duty, now; not 300 per cent of value.

The WITNESS. An increase of duty; yes. It is an increase of 300 per cent on goods in the shell.

Mr. CLARK. Do you really believe that where only 6 per cent of an article is imported that it in any degree affects the price of the domestic article?

Mr. DAY. I know absolutely that it does.

Mr. CLARK. You know that two facts exist, and you assume that one of them produces the other. You do not make as much money out of your peanuts as you would like to have, and therefore you conclude that it is this pitiful 6 per cent that comes in that has put on the price of peanuts.

Mr. DAY. No; I do not say it has put on the price of peanuts.

Mr. CLARK. I want to ask you another question. Has it not been within a comparatively recent time when the American people as a

whole have waked up to the fact of the very high food value of peanuts?

Mr. DAY. No; we sold as many ten years ago as we do to-day, nearly.

Mr. CLARK. You sold as many ten years ago as you do to-day?

Mr. DAY. Almost.

Mr. CLARK. You say that the Japs control the peanut trade clear to the Mississippi River?

Mr. DAY. I do. No; along the Pacific coast, I said, and west of the Mississippi River.

Mr. CLARK. Thirty per cent of the American people live west of the Mississippi River, and if they only get 6 per cent of the total consumption of peanuts in the United States, then they had better have their appetites cultivated up to knowing how to eat peanuts, had they not?

Mr. DAY. I do not know about that.

Mr. CLARK. You have 70 per cent of the people eating 94 per cent of the peanuts consumed in the United States, and 30 per cent of the people only consuming 6 per cent.

Mr. DAY. I know this, that the Virginia peanut growers are growing at a loss. We can not make peanuts at from 3 to 3½ cents.

Mr. CLARK. How long have they been growing them at a loss?

Mr. DAY. Well, for a good many years. They eke out a miserable existence.

Mr. CLARK. They did not make any money in 1905 and 1906 and 1907 raising peanuts? Those were all good years?

Mr. DAY. Very little.

Mr. CLARK. What do you say, in the light of that percentage table, as given you, about 30 per cent of the people in the United States only eating about 6 per cent of the peanuts eaten, and 70 per cent eating 94 per cent? You surely do not believe that, do you?

Mr. DAY. I don't know about that. I do not consider the question of percentages. I do know, as I first stated, that the Japanese are filling the Pacific ports with peanuts.

Mr. CLARK. But the Pacific ports do not amount to a bagatelle in comparison with the whole people in the United States.

Mr. DAY. What is that?

Mr. CLARK. I say that the one question of the Pacific coast does not amount to very much, in population, compared with the entire country.

Mr. DAY. Oh, well; I do not know as to that.

Mr. CLARK. It is easy to calculate that. Suppose you would go to St. Louis to-day. Do you suppose you would find 1 per cent of all the peanuts in stock in St. Louis Japanese peanuts?

Mr. DAY. No; you would not in St. Louis.

Mr. CLARK. St. Louis is west of the Mississippi.

Mr. DAY. It is just across it.

Mr. CLARK. Where do they get theirs?

Mr. DAY. We put our peanuts into St. Louis.

Mr. CLARK. Where is the St. Louis trade—peanuts and all?

Mr. DAY. What?

Mr. CLARK. What part of the country is St. Louis's trade in?

Mr. DAY. She ships west.

Mr. CLARK. West and southwest?

Mr. DAY. Yes.

Mr. CLARK. Then, your answer to Mr. Underwood that the Japs controlled the peanut trade to the Mississippi will have to be revised, will it not?

Mr. DAY. I do not know about that. I only know that we are not shipping any peanuts now to the Pacific coast. The cleaners are not shipping to the Pacific coast, where they formerly had the whole trade.

Mr. CLARK. Is not this the truth about the whole business: That you began to find out, one way and another, that the steel trust was getting a tremendous rake off on the tariff, and the lumber men were getting a tremendous tariff, and the woolen manufacturers were getting one, and so on and so on to the end of the chapter, and that you people down there concluded that while the pie was being passed around you would like to have a slice? Is not that the truth of the whole matter?

Mr. DAY. Oh, no; not at all.

Mr. CLARK. Well, that is all.

Mr. DAY. All right.

Mr. LONGWORTH. Mr. Day, who is your Representative in Congress?

Mr. DAY. Mr. Maynard.

Mr. LONGWORTH. Is he in favor of this 400 per cent increase?

Mr. DAY. I understand so.

Mr. LONGWORTH. Do you think if we give it to you, and accept your proposition, that he will support the bill?

Mr. DAY. I am sure he will. I can speak for him.

Mr. DALZELL. The whole of the bill?

Mr. LONGWORTH. Yes; will he support the whole bill?

Mr. DAY. Oh! I do not know about that. [Laughter.]

Mr. GAINES. Where do you live?

Mr. DAY. At Smithfield, Va.

Mr. GAINES. And your name?

Mr. DAY. C. F. Day.

Mr. GAINES. Thank you. Now, Mr. Day, there are 22 pounds of peanuts, I believe, to a bushel?

Mr. DAY. That is right.

Mr. GAINES. How are the peanuts sold to the retail purchaser? Are they sold in any other way than simply in small sacks or a small cupful? Is there any other way that the retail purchasers buy them?

Mr. DAY. A great many of the peanuts are sold for candies. We shell the imperfect goods and sell them for candy.

Mr. GAINES. But they are used by candy makers?

Mr. DAY. Yes.

Mr. GAINES. I mean the people who buy them at retail?

Mr. DAY. They are sold in small packages.

Mr. GAINES. They are sold in small packages, or by the small cupful, for 5 cents?

Mr. DAY. Yes.

Mr. GAINES. Have you any idea what the weight of one of those packages is?

Mr. DAY. I am told about five or six packages are sold to the pound.

Mr. GAINES. Five or six packages to the pound. Then if the tariff were increased from half a cent a pound to 2 cents a pound, and the

price of the domestic peanut was increased to the entire amount of the tariff on the foreign goods, the increase of the price in such event would only be two-fifths of a cent a package to the retail purchaser?

Mr. DAY. Yes.

Mr. GAINES. And it would probably not affect him at all?

Mr. DAY. It would not affect him at all—the increase would not.

Mr. RANDELL. But they would be more likely to put less in the package?

Mr. DAY. Maybe so.

Mr. GAINES. So you think that it is, in the case of peanuts, probable that the consumer would not suffer at all by reason of the tariff on peanuts?

Mr. DAY. I feel very sure he would not.

Mr. GAINES. But that the original producer is very much benefited by the tariff. Are you Virginia farmers willing to concede that that may be true on many other products?

Mr. DAY. Yes.

Mr. GAINES. In other words, you are getting to be, at heart, a protectionist, are you not?

Mr. DAY. Rather.

Mr. GAINES. I thought you were. I hope you will assist Mr. Martin hereafter before election, and not merely call on him to assist you after election. [Laughter.]

The CHAIRMAN. This closes the hearing, unless Mr. Maynard would like to be heard.

Mr. MAYNARD. I did not want to be heard at this time, but I have witnesses here that I do want to be heard. I wish you would call Mr. Holland.

The CHAIRMAN. How much time does he want? The time has all expired that you gentlemen said you wanted.

Mr. MAYNARD. But it was taken up in asking questions and not in getting in our testimony.

Mr. DALZELL. But we got all the information by asking questions.

Mr. HOLLAND. I will only take a short time, and after that I will be very glad to answer any questions the members of the committee may ask.

STATEMENT OF MR. J. P. HOLLAND, OF FRANKLIN, SOUTHAMPTON COUNTY, VA.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Proceed, Mr. Holland.

Mr. HOLLAND. I want to say to you gentlemen that I am not a speaker. I am here as a peanut grower, but I would like to ask your indulgence for, I will say, ten minutes. I want to make a statement and then I want you to ask me these questions. Some of them you have asked, but I would like to make my statement first, if you please. I do not mind being interrupted—

Mr. UNDERWOOD. All right; tell us when you get through your statement.

Mr. HOLLAND. I want to say in the beginning that I have come from a mass meeting of peanut growers, and I speak only from the growers' standpoint. I do not know the other standpoint.

Peanuts are grown in 24 counties of Virginia and North Carolina and 3 counties in Tennessee. I refer now to the edible peanuts. I do not know anything about the other peanuts. The principal part of all the peanuts grown in the United States are grown in 13 counties of Virginia and North Carolina and 3 counties of Tennessee. I have heard something about Arkansas and Missouri. They may grow peanuts for the children, or something like that, but they do not enter into this market; and they do not grow except in 13 counties of Virginia and North Carolina and 3 counties of Tennessee—the peanuts that are in competition, and that are principally concerned in what we ask here to-day.

Mr. CLARK. I do not want to interrupt you, but has not Georgia produced so many peanuts that it is known all over the world as the "Goober State?"

Mr. HOLLAND. Georgia, Alabama, and Texas produce peanuts that are turned into food for cattle and hogs. It is a different peanut. It is ground with the vine, and that is made into a crude oil of some kind. They are not roasted and sold as ours are.

Those peanuts are grown on land that is very fertile in some sections and very poor in others. Peanuts are divided, as I know them, into the Virginia peanuts, representing the peanuts you see on the streets here, roasted, in sacks, and the Spanish peanuts. The Spanish peanuts are all shelled. They are very small peanuts, and they are sold shelled only. I never saw them on the market in the shell. They are all shelled peanuts. They are used principally for candies, and there are various ways of disposing of them in confectionery.

We grow in our immediate locality, around Norfolk, in these 13 counties, principally the Virginia peanut. That land is land that is worth from \$10 to \$25, and from \$15 to \$50 an acre—some \$100. Some of the land that the Spanish peanuts are grown on is very poor, and is consequently very cheap.

Mr. COCKRAN. Where are the Spanish peanuts grown?

Mr. HOLLAND. That part of the State near Petersburg, on the Atlantic coast line; the counties of Prince George, Dinwiddie, Sussex, and Greenfield, in Virginia, and in Pitt, Northampton, Nash, Edgecombe, Bertie, in North Carolina. That is the principal part of the Spanish crop grown in the United States.

Mr. COCKRAN. When you speak of the Spanish peanut, you do not mean that they are grown in Spain?

Mr. HOLLAND. Oh, no; we got the seed from Spain. Spain produces the same peanut to-day; but we get them from very poor land.

Mr. COCKRAN. And when you refer to the Spanish peanut, you refer to the peanut that is grown here?

Mr. HOLLAND. Yes; it is a very small peanut, and it is sold shelled.

Mr. COCKRAN. Thank you.

Mr. HOLLAND. The cost of producing the peanut has never been settled among our people. We have asked the question, when we have gotten together, and we never have agreed. I want to say to you gentlemen that why we do not know is because the labor is not paid for in dollars and cents. The people who grow peanuts are the fathers and their sons and their daughters. The labor is not paid for in dollars and cents, and there is no way of accounting correctly what these peanuts do cost.

Mr. CLARK. Let me ask you this question, now: Taking that to be the exact fact, are there not enough people engaged in raising peanuts to arrive at some reasonable calculation about what it costs?

Mr. HOLLAND. Yes, sir; but—

Mr. CLARK. Most of the corn and the wheat that is raised in the United States is raised by men and their sons who own the land?

Mr. HOLLAND. If you will just pardon me a minute, that is true; but from your standpoint you would cease raising peanuts, because you are able to. These people who grow peanuts get credit at the merchant's store and at the warehouse, based on the number of acres of peanuts; and this land has been so run down by the growth of the peanut that they can not grow anything that will bring money.

Mr. CLARK. Will clover grow in Virginia?

Mr. HOLLAND. It would if the farmer had the money to buy fertilizer enough to relieve the land. He can not do it because of the very fact that he has not the money to buy the fertilizer to put on the land.

Mr. CLARK. You do not expect Congress to put such a tariff on peanuts as to compensate the farmer for everything he does to his land, do you?

Mr. HOLLAND. I expect Congress to do for these people what it is doing for others; no more and no less.

Mr. CLARK. Suppose you turn the thing around the other end foremost, and take away some of the "pap" that these other fellows are getting. How would that strike you as a fair proposition?

Mr. HOLLAND. I would like to answer that, and I will say that I anticipated that question before it came. Colonel Day was asked if he was a protectionist. I am one of those fellows that has objected against protection, but I am converted, not altogether on the theory that protection is right, but that protection is here to stay; that pig iron and all the other products of all the other parts of the United States are protected, and that their labor is protected, and that this labor is as sacred and has as much right to be protected as your labor, or your labor, or any other labor.

Mr. CLARK. You did not know, then, that this committee had been puzzling with the steel and iron men here for five or six or seven days to see if we could not take some of the tariff off of steel and iron?

Mr. HOLLAND. I know you have been puzzling twenty years, and here is steel where it is, and it will be in the same situation, in my opinion, twenty years from now.

Mr. CLARK. You can hardly be certain of that.

Mr. HOLLAND. I have nothing to guide me in the future except past experience. I am certain that no new argument can be advanced to convince these people, that will turn them loose from a good thing.

Mr. CLARK. Let me ask you the same question that I asked the other gentleman and see if you will answer it as frankly as he did.

Mr. HOLLAND. I will try.

Mr. CLARK. Is not the whole truth about peanuts this: That you studied down there in Virginia about the steel men and the iron men and the lumbermen and the woolen manufacturers and all of the rest of them getting a big quantity of tariff allowed, and you finally concluded that while this tariff pie was being passed around you were entitled to your slice as well as they? That is the plain way of putting it.

Mr. HOLLAND. It is very plain.

Mr. CLARK. Is not that your philosophy here to-day?

Mr. HOLLAND. I plead guilty for the sake of the argument, and say that that is why I am here.

Mr. CLARK. I want to——

Mr. HOLLAND. But I would like to explain.

Mr. CLARK. Go ahead.

Mr. HOLLAND. I plead guilty, but I base it upon a higher ground. These gentlemen have stood here to-day in advocacy of their respective products, and they have told you about labor at \$18 a week and \$24 a week, and they are asking you to protect that labor. I tell you that the labor that produces these peanuts only receives from 50 to 75 cents a day. And, gentlemen, furthermore, if the gentlemen will pardon me, at least 5 per cent of the farmer's land in the main section where I live is under the hammer to-day, and is being sold under deeds of trust for the want of making a living, or making enough to keep things up-to-date, and it is due to the low price of peanuts.

Mr. CLARK. Now, have you answered fully?

Mr. HOLLAND. I have answered that; yes.

Mr. CLARK. My recollection is that in answer to Mr. Hill's question, I think you or the gentleman that preceded you testified that some of this land was worth \$100 an acre.

Mr. HOLLAND. It is, sir.

Mr. CLARK. Well, now, can you raise anything else on that land besides peanuts?

Mr. HOLLAND. Yes, sir; we are compelled to raise something else.

Mr. CLARK. What can you raise?

Mr. HOLLAND. Corn—not for the market, but for home consumption. They raise cotton in my vicinity, but at the Isle of Wight and at Smithfield they do not raise cotton. We are the farthest point north that raises cotton.

Mr. CLARK. Is the peanut crop the most valuable crop you can raise?

Mr. HOLLAND. Just let me explain. We are compelled to raise something else. This land that we have will not make a crop of peanuts three years in succession.

Mr. CLARK. It is hard on the ground, is it?

Mr. HOLLAND. It is severely hard. It takes the vegetable matter from the land.

Mr. CLARK. Why do not your people rotate your crops, so as to bring the land around again? If you can raise clover on it, it will reinvigorate any soil in the world, where it will grow.

Mr. HOLLAND. We do rotate. We rotate with corn one year, and with peanuts the next year, or potatoes; but peanuts are planted on some of the ground once in three years. There are people who plant once in two years.

Mr. CLARK. Is not the peanut crop really and truly the most profitable crop that you can raise in that part of Virginia?

Mr. HOLLAND. I expect it is.

Mr. CLARK. And yet you can not make any revenue raising peanuts?

Mr. HOLLAND. No, sir; we can not make any revenue now.

Mr. CLARK. I would like to ask you another question. What is the average peanut crop down there—that is, to the acre?

Mr. HOLLAND. I think 30 bushels per acre will cover it.

Mr. CLARK. The other man said 35.

Mr. HOLLAND. We do not agree as to that. I think 30 is the average.

Mr. CLARK. How much do you get a bushel for the average bushel?

Mr. HOLLAND. I think the average price is somewhere about 3 cents a pound.

Mr. CLARK. How much would that make a bushel?

Mr. HOLLAND. Sixty-six cents.

Mr. CLARK. Sixty-six cents. That makes \$19.80, on your own statement, as the product of an acre?

Mr. HOLLAND. Yes.

Mr. CLARK. Is it any more trouble to raise peanuts, or any more expensive, than it is to raise corn?

Mr. HOLLAND. Yes, sir; three times as much.

Mr. CLARK. Three times as much work to raise peanuts?

Mr. HOLLAND. Three times as much labor; then it takes a sack to put the peanuts in, costing 9 or 10 or 11 or 12 cents.

Mr. CLARK. You also have to put corn into a sack to ship it, generally—

Mr. HOLLAND. We do not ship it.

Mr. CLARK. I am talking about the man who does.

Mr. HOLLAND. Corn is shipped loose from your country to ours.

Mr. CLARK. Suppose we wanted to ship corn from our country to yours. Do we not have to sack it?

Mr. HOLLAND. You would have to conform to the demands of the people who do the shipping.

Mr. CLARK. Do we not have to sack it?

Mr. HOLLAND. Not when it comes to us.

Mr. CLARK. How much corn can you raise on this \$100 land—in bushels?

Mr. HOLLAND. We call it barrels in our country.

Mr. CLARK. We call it barrels, too. We are getting somewhat Yankeeized out there.

Mr. HOLLAND. We raise from 2 to 15 barrels on our choice land.

Mr. CLARK. Fifteen barrels. That would be 75 bushels.

Mr. HOLLAND. One acre in 500 gives that.

Mr. CLARK. The average corn crop in the United States, even in the corn belt, one year with another, will not run 40 bushels to the acre, will it?

Mr. HOLLAND. I would not think so.

Mr. CLARK. It would not run over 30 bushels.

Mr. HOLLAND. That is only a few acres of highly improved land.

Mr. CLARK. On the \$20 land, how much corn would you produce?

Mr. HOLLAND. Two barrels, or a barrel and a half—7½ bushels to 10 bushels.

Mr. CLARK. Well, some men do not understand the barrels—

Mr. HOLLAND. Seven and one-half to 10 bushels.

Mr. CLARK. Corn in Virginia is worth \$1 a bushel, is it not?

Mr. HOLLAND. One dollar—it is worth 75 cents with us. It has been \$1.

Mr. CLARK. The peanut crop is more profitable than the corn crop, is it?

Mr. HOLLAND. No, sir; in this way—I have been trying to explain why we must raise them. Half of them are grown by tenants and very poor people.

Mr. COCKRAN. By whom?

Mr. HOLLAND. By tenants and poor landowners.

Mr. COCKRAN. Persons who do not own the land?

Mr. HOLLAND. Yes, sir; tenants and poor persons; and they secure credit at the stores based on the number of acres of the peanut crop or cotton crop. It is not based on the corn crop.

Mr. CLARK. You want this tariff raised, as these gentlemen have figured it out, 400 per cent?

Mr. HOLLAND. Yes.

Mr. CLARK. I want to ask you a question which may seem to you to be impertinent. Did you ever play poker?

Mr. HOLLAND. I never did.

Mr. CLARK. Then you would not understand the technical language?

Mr. HOLLAND. I never played a game of poker in my life, but I think I would understand it.

Mr. CLARK. You are "raising" all of these northern gentlemen's protective tariff.

Mr. HILL. Do you know the freight on peanuts shipped to San Francisco?

Mr. HOLLAND. Yes; I will come to that. Sixteen cents a bag, I am told.

Mr. HILL. What is that?

Mr. HOLLAND. A bag of 100 pounds.

Mr. HILL. That would be \$32 a ton.

Mr. HOLLAND. Yes, sir. By the sack the peanuts weigh about 100 pounds. I will explain why it is so very cheap—

Mr. COCKRAN. Before you go to that question I would like to ask you a question that is suggested by Mr. Clark. Do I understand you to say that this culture of peanuts results in impoverishing the soil?

Mr. HOLLAND. Very much.

Mr. COCKRAN. It is a wasteful crop to raise?

Mr. HOLLAND. Very.

Mr. COCKRAN. Why do you want to do it, then?

Mr. HOLLAND. Because we are growing peanuts, and we do not know how to grow the other thing. That may sound foolish to you, but it is done the world over.

Mr. COCKRAN. And therefore you want the tariff for the purpose of perpetuating ignorance and incapacity?

Mr. HOLLAND. No, sir.

Mr. COCKRAN. Well, I want you to make that clear.

Mr. HOLLAND. Well, your questions inveigle me, and I perhaps do not make myself clear. The chairman has said, I think—I do not remember the figures—that there was an abnormal importation in 1907, and I want to explain that, I think it will meet your point.

Mr. COCKRAN. What I want to get at is this—it is suggested by the question which Mr. Dalzell put to your predecessor: This committee is engaged in taking testimony with a view to framing a tariff.

and you, I understand, have come around to protection by a system of enlightenment due to experience.

Mr. HOLLAND. In part only.

Mr. COCKRAN. Well, that is your position. From a protectionist point of view, do you claim that by increasing this duty for any given time peanuts will become so abundant that you will be able to get rid of the duty? Is there any outlet to this proposal of yours?

Mr. HOLLAND. I want to answer in my own way—

Mr. COCKRAN. All right.

Mr. HOLLAND. This abnormal importation of peanuts was due in 1905 and 1906 to the fact that we had, very largely, a crop failure. We had a storm that came before the peanuts were harvested, after taking them and putting them in sacks out of the ground.

Mr. COCKRAN. What year was that?

Mr. HOLLAND. 1905 and 1906. We had a very wet year and great damage, and the price of peanuts went up. Our farmers got 4 and 4½ cents for the peanuts in the rough, with the stem, and in dirty condition. As soon as they went up Japan began to send them in, and that was about the first time we had ever had any trouble with them. They found this market, and that is the main reason I want you to give us this tariff. When we make a short crop Japan is looking for the highest market of the world, naturally. Those peanuts came into this country on account of the fact that our price had been elevated on account of a storm that was peculiar to our section of the country and peculiar to that crop.

Mr. COCKRAN. What was the net result to you with the increased price of what you had? Did it leave you in a more prosperous condition than you were in before?

Mr. HOLLAND. We failed to secure for the partial crop what we would have secured with a large crop, even at the low prices. We were the sufferers, and these mortgages are being foreclosed as a result of that.

Mr. COCKRAN. Will the levying of this tariff so improve the general peanut industry that after a while we can dispense with the tariff and trust to the general prosperity which it will have created?

Mr. HOLLAND. I do not believe we can dispense with it, sir.

Mr. COCKRAN. Then, according to you, the tariff is something that can never be remitted, and you will go on increasing rather than diminishing the amount you need?

Mr. HOLLAND. I would like to answer that by saying that the Japs can put a pound of peanuts into San Francisco for 16½ cents for a bag of 100 pounds. It costs us \$1.30 from Norfolk to San Francisco.

Mr. COCKRAN. And it impoverishes your land?

Mr. HOLLAND. They can pay the freight and the duty now of half a cent, and sell them, and sell cheaper than we can, a pound. I do not see what connection that has with impoverishing the land.

Mr. COCKRAN. Your contention is that by getting the tariff up sufficiently high you can continue employing your land in the production of peanuts, and thus impoverishing it.

Mr. HOLLAND. We would get the same price for the peanuts.

Mr. COCKRAN. Would you not continue to cultivate the peanuts, which, as you say, impoverishes your land?

Mr. HOLLAND. It impoverishes the land. It does not kill the land. The word "impoverish" means if something is not carried back, with fertilizer or with clover, if we can raise it, or something to fill

that part of the ingredients of the soil that is taken away by the peanut.

Mr. COCKRAN. And you want a tariff, so as to relieve the peanut producer from the necessity of fertilizing his soil and keeping it up?

Mr. HOLLAND. No, sir; I want to enable him to fertilize it.

Mr. COCKRAN. For the purpose of cultivating peanuts?

Mr. HOLLAND. For the purpose of cultivating peanuts.

Mr. COCKRAN. Yes; and that impoverishes the soil.

Mr. HOLLAND. I want to say to you, just in a brief way, this, if you will pardon me. The only redeeming thing about the peanuts at all is—and I can congratulate the peanut people on this—

The CHAIRMAN. Your time has expired several times over.

Mr. COCKRAN. He was just about to congratulate the peanut people. I think he ought to finish it.

Mr. CLARK. Yes; we interrupted him.

Mr. COCKRAN. He is just about to congratulate the peanut people, and we have not his grounds for it yet. I do not think it would be right to shut him off now.

Mr. HOLLAND. I was saying that on these peanut lands we grow the Smithfield ham, and we get some return for the impoverished land and for the short price of peanuts out of the Smithfield ham.

Mr. CLARK. You get a better price for the Smithfield ham than any other ham in the world sells for?

Mr. HOLLAND. That is because it is the best ham.

Mr. CLARK. I think so, too. If you could make Smithfield ham out of the big Missouri hogs, you could make an independent fortune.

Mr. HOLLAND. I will only take one more minute. These peanuts we have been talking about are sold in the markets here practically at from 20 to 30 cents a pound. These pecans and almonds that you have been talking about are sold for the same price and less. In the tariff book they appear at from 4 to 6 and 7 cents a pound, and they all retail for precisely the same thing. In fact, the peanuts are sold and retail at a higher price than the pecans and almonds, or walnuts, either.

Mr. CLARK. You get 3 cents for your peanuts, and those of us who eat peanuts pay 25 cents a pound for them.

Mr. HOLLAND. Yes.

Mr. CLARK. Who gets the difference between 3 cents a pound and 25 cents?

Mr. HOLLAND. I could not tell you, to save my life. I know the grower does not get it.

Mr. CLARK. Somebody is getting an enormous rake off.

Mr. HOLLAND. Is not that true of all industries and businesses?

Mr. CLARK. Oh, no. The price of bread, compared with the price of the wheat, is very reasonable. If they charged for the bread at the same rate as compared with the profit on the wheat as the difference to the retail eater of peanuts, a loaf of bread would cost 15 or 20 cents, instead of 5 cents.

Mr. HOLLAND. The point about the price of peanuts is that it would not increase the price to the consumer a penny. He would not buy one peanut less for a nickel on that account if the farmers had 5 cents a pound that he does when he gets 3. If there was any way to guarantee that, I certainly would like to have it predicated upon that statement, that the consumer would never pay a penny more for his peanuts if we had a tariff of 2 and 3 cents a pound.

Mr. COCKRAN. Is it your idea that this great fund will come from nowhere? It must come from somewhere.

Mr. HOLLAND. It comes from the Government extending its hand and helping its citizens, as it has done from time immemorial.

Mr. COCKRAN. Where does the Government get the thing that is in its hand, to give to the citizens?

Mr. HOLLAND. I do not know whether it comes from the Constitution or where—

Mr. COCKRAN. I am not talking about that. Where do you get the profit, if it does not come from somebody?

Mr. HOLLAND. I can not tell you, except by illustration. This gentleman was talking about 6 per cent being imported into this country. There is a very small amount of pig iron imported into the country, yet it bears an enormous tariff.

Mr. COCKRAN. So I understand, and we are trying to get rid of it.

Mr. HOLLAND. You are?

Mr. COCKRAN. Yes; we have hopes in that direction.

Mr. HOLLAND. That gentleman—

Mr. COCKRAN. He has hopes, also.

Mr. UNDERWOOD. Yes; I have hopes also.

Mr. FORDNEY. While they are trying to get rid of it, they are praying every night that we save them.

Mr. COCKRAN. Oh, no; Mr. Fordney is a poor authority on prayer. [Laughter.]

Mr. HOLLAND. I want to say to you, gentlemen, in conclusion, on the question raised about Mr. Maynard voting for the bill, that I think he will vote for it in its entirety, and I should encourage him, as one of his constituents, to do so, because I am satisfied that it is going to become a law now as drawn; and if there is any possible way in which he could help his people we could be helped by the tariff, and I think we should have it as a whole.

Mr. MAYNARD. A question was raised by a member of the committee, and I would like to answer it.

The CHAIRMAN. Well, you are here all the time, and you can answer it later.

STATEMENT OF MR. JULIUS C. WOLFF, OF NEW ORLEANS, LA.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Proceed, Mr. Wolff.

Mr. WOLFF. Gentlemen of the committee, I am not here to ask for an increase in your tariff or a decrease in your tariff. I would like, if possible, to have some defects remedied in the way of a sliding tariff that we have got. We have a tariff on mattings to-day that makes it hard for the dealer or the importer—

Mr. FORDNEY. What paragraph are you talking about?

Mr. WOLFF. Straw mattings from China and Japan. It makes it very hard for the dealer to know just "where he is at." We pay for this matting in gold coin or its equivalent to the silver coin that is used in the Orient, which has a fluctuating value. The duty as assessed now is 3 cents a yard. The tariff as we have it now is that all mattings costing less than 10 cents a yard should take 3 cents duty.

The CHAIRMAN. I want to say to those gentlemen who want to be heard on the peanut question that after we get through with this gen-

tleman we will sit here, if it takes until midnight, to hear them all, notwithstanding the agreement with them when they started in.

Mr. WOLFF. The tariff at present, sir, that we have on all mattings costing 10 cents and less bears 3 cents a yard duty, and all at 10 cents and over, 7 cents and 25 per cent ad valorem, which tends to shut out the intermediate grades altogether. Besides, it leaves a loophole open for a lot of juggling about. That is, as to mattings that should be brought in on the 3-cent duty the tariff is so prohibitive that they juggle the prices down so as to bring it in, and they thereby get quite a number of people in trouble. Personally I have had quite a serious experience with the Government recently. I bought mattings at the usual value. The change in the tariff was such that the Government thought I should pay 7 cents a yard and 25 per cent, instead of 3 cents, and it took me quite a number of months, with quite an outlay, to convince the Government that I was right. What would be, I think, acceptable to all who are interested in this industry would be a specific duty of so much a yard, regardless of the first cost on the other side. That would eventually give the Government greater revenue, and would increase the imports and increase the quality that the consumer buys, and would work no hardship on anybody concerned.

I have with me a sheet of statistics that are as nearly correct as could be obtained. I will read them to you, and then if there are any questions you would like to ask I will answer them for you.

Of Chinese matting in the year 1906 that was imported to this country there was 15,966,986 yards, of a gold value of \$1,119,128. The Government received a revenue from this of \$478,000, or 42½ per cent of its original value.

In 1907 we had 16,416,872 yards, with a gold value of \$1,083,311, on which the Government got 45½ per cent revenue.

In 1908 we had 21,013,875 yards, with a gold value of \$1,438,046, on which the Government received a revenue of \$630,416.

Of Japanese matting there was imported in 1906 29,837,169 yards, of a gold value of \$2,646,861. The government revenue was \$895,114, or 33¾ per cent.

In 1907 that had decreased to \$27,363,381 yards, valued at \$2,608,316. The government revenue was \$820,902.

In 1908 they were up to 29,624,303 yards, with a gold value of \$2,816,253, on which the Government received a revenue of \$888,728, or 31½ per cent of the value.

The combined Chinese and Japanese mattings imported in 1906 were 45,804,155 yards, on which the Government received a revenue of \$1,373,114.

In 1907—

The CHAIRMAN. You have your whole argument written out, have you?

Mr. WOLFF. Yes.

The CHAIRMAN. Why not print it in the record? We shall read it before we decide this question. If you desire to state anything additional to your written argument, state it now.

Mr. WOLFF. The only thing I would like to state would be—

The CHAIRMAN. And we could then get a better idea of it than by having you read it. We can not hear you very well, as you are not

speaking in a very loud voice. Is there anything you want to state outside of your paper?

Mr. WOLFF. Yes, sir.

The CHAIRMAN. Very well. Proceed.

Mr. WOLFF. I would like to say that I heartily advocate a specific duty on all mattings without a sliding scale. The difference is too great for the values. Mattings to-day that cost a sixty-fourth of 1 per cent more than a certain amount taken at least 100 per cent more duty.

Mr. CLARK. Now, do you want the same specific duty on the cheap matting that you want on the fine matting?

Mr. WOLFF. Yes, sir.

Mr. CLARK. That would be rather tough on the poor people who use the cheaper grades of matting, would it not?

Mr. WOLFF. No; they could buy cheaper than now, because they have to pay that duty now.

Mr. CLARK. They do not have to pay the same duty on the cheap mattings that they pay on these others, do they?

Mr. WOLFF. No, sir; they are prevented from buying the better ones on account of the duty being prohibitive.

Mr. CLARK. Would it not have the same effect if you put the same tariff on the cheap mattings that is on the more expensive ones?

Mr. WOLFF. I do not ask that.

Mr. CLARK. What do you ask?

Mr. WOLFF. I ask that the better grades be put down to where the lower grades are now, in order to avoid the complications that can not be avoided otherwise.

Mr. CLARK. You are in favor of making some reduction?

Mr. WOLFF. I beg your pardon?

Mr. CLARK. You are in favor of reducing the higher grades?

Mr. WOLFF. It is an infinitesimal part of the mattings imported—practically none of it.

Mr. CLARK. You are in favor of reducing the tariff on the higher grades down to what it is on the lower grades, are you?

Mr. WOLFF. Yes, sir.

Mr. CLARK. And you want it the same on all?

Mr. WOLFF. Yes, sir; that is it.

The CHAIRMAN. I think we have your idea. Is there anything else you desire to say?

Mr. WOLFF. Nothing, unless some questions are to be asked.

The CHAIRMAN. That is all.

(The statement filed by Mr. Wolff is as follows:)

	Square yards.	Number of rolls.	Gold value.	Per yard.	Per roll.	Government revenue.	Adv. per cent of original cost.	Silver value to gold.
China matting:								<i>Per cent.</i>
1906.....	15,966,986	399,175	\$1,119,128	\$0.073	\$2.90	\$478,000	42½	
1907.....	16,416,872	410,422	1,083,311	.063	2.65	492,530	45½	
1908.....	21,013,875	525,347	1,438,046	.063	2.75	630,416	44½	
Japan:								
1906.....	29,837,169	745,929	2,646,861	.087	3.55	895,114	33½	50
1907.....	27,363,381	684,065	2,606,316	.087	3.55	820,902	31½	50
1908.....	29,624,308	740,607	2,816,253	.093	3.80	888,728	31½	50
Combined China and Japan:								
1906.....	45,804,155	1,145,104	3,765,989	.087½	3.28	1,373,114	36½	
1907.....	43,780,253	1,004,507	3,691,627	.081½	3.37	1,213,432	33	
1908.....	50,638,178	1,265,954	4,254,299	.084	3.35	1,519,144		

The CHAIRMAN. Are there any gentlemen here who desire to be heard further on peanuts?

Mr. LASSITER. Mr. Small wishes to be heard.

**STATEMENT OF HON. JOHN H. SMALL, REPRESENTATIVE FROM
NORTH CAROLINA.**

Mr. SMALL. Mr. Chairman, the main reason for my appearing before you is because I have received a number of letters from my constituents asking me to say something in their behalf. North Carolina is the main producing State of peanuts, and I may say for the majority of the producers that they have conceived the idea that there ought to be an increased tariff duty. My personal impression is that that idea has been disseminated by the dealers in peanuts, and that in large degree the price of peanuts to the producer has been depressed by an unlawful combination among them; but I want to say a word with reference to the views of my constituents that the tariff ought to be increased, and in doing that I am addressing my remarks to the majority who will frame this bill, and not to the minority.

This bill will be framed by those who believe in protection, and if these people are entitled under the facts to protection, then equality of benefit would entitle them to whatever was coming to them. Now, are they entitled to any increase of the tariff duty? The tariff under the Wilson bill was 20 per cent ad valorem. That is a higher tariff than this bill. The tariff under the McKinley act was 1 cent per pound on unshelled peanuts, 100 per cent greater than the present tariff; 1½ per cent on shelled peanuts, or 50 per cent greater than the present tariff. The tariff under the act of 1864 was the same as the McKinley tariff act. The former tariff act, which is the one next preceding, unless I overlooked some act, was that of August 5, 1861, which was a tariff of 2 cents per pound.

I submit that there has been, and, if this tariff bill is to be framed upon the theory of protection and if the producers and agriculturists are to have their share of whatever protection is afforded under this act, there is no distinction between 1908 and 1890, affording a reason for a reduction of the tariff as compared with this act. What should be the amount of the increase? My constituents think, as represented by these gentlemen who have spoken to-day, that 2 and 3 cents per pound would be a fair tariff; but whether that is right or not, I submit to the committee that at least a reproduction of the rate in the tariff act of 1890 would not be excessive and would be entirely justifiable.

I confess that I do not understand the correctness of the figures which show that only \$600,000 worth of peanuts was imported in 1907, which is 6 per cent of the production in the United States; and if those figures are true, then the conception of the dealers and the producers in Virginia and North Carolina, being the section with which I am most familiar, is erroneous. It may be well said that in framing a bill for revenue where only 6 per cent is imported, a higher tariff, as was suggested by one of the minority members of this committee, might be prohibitory, but this bill, as I have said, is going to be framed upon protective lines, and I submit that they are entitled to

an increase, to the very least degree, by the restoration of the tariff as provided in the McKinley bill of 1 cent for unshelled and 1½ cents for shelled per pound. I desire to say that much, because I think it can be justified.

Mr. UNDERWOOD. Will you allow me to ask you a question?

Mr. SMALL. Certainly.

Mr. UNDERWOOD. Sugar is an agricultural product. It comes into this country on a duty somewhat higher than the peanut duty. This present duty only allows 6 per cent of peanuts to come into this country. That is all that comes. Do you think we would be justified in raising the duty on sugar to a point where only 6 per cent of the whole foreign product could come into this country to balance the American market?

Mr. SMALL. I do not know that any arbitrary rule can be laid down regarding that.

Mr. UNDERWOOD. Take the products of iron and steel. Do you think we would be justified in fixing a tariff that would only allow 6 per cent of the products of iron and steel to come into this country to balance the market?

Mr. SMALL. This, in my own mind, is a sufficient answer to that question: It is apparent from the tenor of the questions that have been propounded to the witnesses and from the remarks of the members of the committee that in the view of some members of the committee the growers of peanuts can not be benefited by any tariff, and I take it it is a fair inference that the contention which is made by many people that the farmers, in the main, are not benefited by a protective tariff, and that they are the consumers, and bear largely the burdens of such a tariff, that they derive very little benefit from it, and I would not put the farmer in the same category with the manufacturer of iron and steel products or the manufacturer of other products. I would give him the benefit of any reasonable doubt. But these growers have been led to believe, and they are honest in their position, that they will be benefited and the price of their product will be enhanced by an increase of this duty, and if that is so, they are entitled to have the benefit of it, and no fine point ought to be taken as against them.

Mr. UNDERWOOD. There is no issue between us on that proposition. I think all the committees have been liberal with the agricultural products of the country. Here is the question staring this committee in the face with the evidence that has been brought before us in the past, if we concede what you want, it means a prohibitive duty. Do you stand for a prohibitive duty on all agricultural products?

Mr. SMALL. In answer to the gentleman from Alabama, if you were going to frame this tariff bill I would undertake to argue this question with you, and whether we would be very far apart in the end is problematical. But you will have very little to do in the framing of this tariff bill. The tariff bill is going to be framed by the majority of the committee, and I am appealing to the majority of the committee and asking them to do the fair thing in distributing what they say are the benefits of protection.

The CHAIRMAN. The majority of the committee do not understand your kind of protection.

Mr. UNDERWOOD. I want to call to my friend's attention the fact that I have to vote on the proposition, and when I come to vote I want to vote intelligently on it.

Mr. SMALL. And I am asking you to give the benefit of the doubt to the growers of peanuts. I do not understand the chairman.

Mr. FORDNEY. It is your opinion that anything that we consume which can be produced in this country the American people would be benefited by having it all produced here by Americans; is that right? For instance, let me go further. The 6 per cent of the peanuts consumed in this country tend to balance or regulate the price at times, especially when there is a large crop?

Mr. SMALL. To that extent it tends to increase the supply, and necessarily decreases the price.

Mr. FORDNEY. And your idea is that the consumer would not be materially injured by the American producers monopolizing the entire market?

Mr. SMALL. It would be a mere bagatelle, not worth consideration.

Mr. FORDNEY. And, therefore, it would aid American production to have the tariff so high that it would be prohibitive; the consumer would not be injured in that case; is that not right?

Mr. SMALL. I concede that in this case; I think that would be true.

Mr. RANDELL. I understand that from the standpoint of a protectionist you think that under the doctrine of protection, as understood by the majority of the committee, if it is right to build up an industry, for example the manufacture of ivory balls in this country, built up exclusively under the tariff, it would be better, or at least just as well, to extend that to encouraging the peanut industry. just on the tariff?

Mr. SMALL. If the gentleman would pardon me, I would prefer not to engage in any academic discussion of this matter. I am simply putting the question that we are going to have a protective tariff bill, and I am asking that the peanut growers get such benefits from it as they ask.

Mr. HILL. In case we have a protective tariff bill and peanuts are in it, does the gentleman from North Carolina expect to vote for the bill? He makes that the ground of his claim.

Mr. SMALL. If the gentleman thinks that is entirely appropriate in the line of my argument—

Mr. HILL. I did not until you made the argument just now that we were going to have it, and therefore you would like to have protection.

Mr. SMALL. Does not the gentleman think, in the framing of a protective tariff bill, that peanut growers should have their share of protection to put them on an equality with others?

Mr. HILL. If they can prove the necessity for it by a difference in the cost of production abroad and the cost of production at home; that is shown largely, is it not, by the production here and by the comparative importations and exportations?

Mr. SMALL. I admit the truth of that proposition.

Mr. HILL. And I am going to vote for the bill when it is framed, made up under those conditions; are you?

Mr. SMALL. I prefer not to answer that now. I am simply talking for peanuts, and asking the committee what is fair as to the peanut industry.

**STATEMENT OF HON. HARRY L. MAYNARD, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VIRGINIA.**

Mr. MAYNARD. Mr. Chairman, I did not expect to say a word on this subject. We have had a great many people here who did not have an opportunity of testifying.

The CHAIRMAN. How many have you got?

Mr. MAYNARD. Let me finish my statement.

The CHAIRMAN. We are sitting here to hear them.

Mr. MAYNARD. A great many of them had to leave to catch their train.

The CHAIRMAN. We have given you this time outside of our regular order, and after we closed our hearings you came here and called three men for an hour, and we have heard those three men for an hour and a half. Now, you say you have more witnesses. We will hear them all, and not give you gentlemen a chance to go home to your constituents and say you could not get a hearing. We will hear them.

Mr. MAYNARD. A great many of those gentlemen had to catch a train. I did not expect to say anything at all, but there were some questions put here that if the same questions were put to me I would like to give my views on. One gentleman was asking a witness what would be my position on a tariff bill when it was framed. I hope Mr. Hill will put the same question to me. I want to say here that I favor an increase in the duties on peanuts. As to the tariff bill, I have not a vote on the framing of the tariff bill, but after it is framed, and I know what is in it, then I will decide whether I am going to vote for it in its entirety or not. I never agree to vote for anything I do not know what I am voting for, but if we do get an increased protection for peanuts, I will vote for it.

Now, Mr. Cockran—I do not want to get into a colloquy with Mr. Cockran, especially, because he wields such a trenchant blade in that direction that it is dangerous, but he asked a witness here if we did not desire to have something given the farmers out of nothing.

Mr. COCKRAN. That is the impression given. Let me state to you. A witness stated that this protection that he asked would greatly increase the price of the article, and nobody, apparently, would pay for it. Then I wanted to know where it came from. Did it descend like the manna from heaven to the children of Israel, or where did they get it? I do not know of anything in this world that has not got a source.

Mr. MAYNARD. I do not know that I can answer that satisfactorily, but I would suggest, in my own opinion, where it would come from. The peanuts are sold by the farmers to the cleaners, and the cleaners, after manufacturing, as far as their manufacture goes, cleaning and putting them in shape for the market, sell them to the people, who retail them at a slightly increased cost, and the man who retails them pays not over 5 cents a pound for them, and retails them to you and me for from 20 to 30 cents a pound. If we put an increased tariff on peanuts which, on the pound, seems large, as Mr. Dalzell stated, from three to four hundred per cent ad valorem, it is very small, and the increase of cost to the man who has a peanut roaster on the street and sells those peanuts by the package or by the measure to us will not increase them a penny to the purchaser, because the margin of

profit is extremely large to him now. If some of the profit he now gets should go to the farmer there would not be this cry that we are not making a good profit out of the business.

Mr. COCKRAN. Then your argument is against the man who sells those peanuts on the street? I never knew what a desperado he was before.

Mr. RANDELL. Your statement was that it was three or four hundred per cent ad valorem, and it is only about 40 per cent ad valorem, but that is 300 per cent increase on the present rate.

Mr. MAYNARD. I said that Mr. Dalzell called attention to the fact that it was an increase of the tariff from three to four hundred per cent on the pound. I said ad valorem it was very small.

Mr. CLARK. These fellows who retail these peanuts would simply reduce the size of the package for a nickel, like the beer men did for the size of the glass when they put that higher tax on during the Spanish-American war.

Mr. MAYNARD. I do not drink beer and I do not know about that.

Mr. CLARK. I do not drink beer much, either. If I was going to drink at all I would drink whisky. But, as a matter of fact, a great many beer retailers did reduce the size of the glass, and I remember seeing signs in front of certain saloons that they had not reduced the size of the glass.

Mr. MAYNARD. Again I must plead ignorance. I do not go into saloons, and I did not see the signs.

Mr. CLARK. Somebody gets the rake-off between 3 cents and 25 cents, and you say that the peanut roaster gets it all?

Mr. MAYNARD. I do not say that he gets that all, but I say the difference between 3 cents and the 25 or 30 cents is a large difference, and if the farmer got a part of that there would not be any wrong done.

Mr. CLARK. Is not the peanut crop the most valuable crop that the people down in the neighborhood where these gentlemen came from raise?

Mr. MAYNARD. Gentlemen from that neighborhood have testified that it was one of the most valuable money crops. There are some crops farmers raise to feed their stock, but they all have a crop that they call a money crop, that they get cash out of, and peanuts is what they call in that section their money crop.

Mr. CLARK. In the last ten or fifteen years the American people have awakened to the fact of the very great food value of peanuts, and there is now a very great use of peanuts as a food product.

Mr. MAYNARD. If it was not for that fact, with the increase of production of peanuts in Japan and Spain they would not be able to produce peanuts in this country at all. The peanut industry in Japan is a new thing. They have sent over and got the seed of what we call the Virginia nuts, and they have fertile lands, and they produce on a piece of ground a great many peanuts, and they are producing a great many peanuts, and they are going to find a market for them on the Pacific slope; and you asked the question, as I understood it, that with 6 per cent—and that seems to be a figure fixed by the committee—

Mr. CLARK. No; it is fixed by the government statistics.

Mr. MAYNARD. Of one year.

The CHAIRMAN. That was the most favorable to you of any year.

Mr. MAYNARD. That being true, that the people west of the Mississippi River only use 6 per cent——

The CHAIRMAN. That is not true.

Mr. MAYNARD. I did not think so. If you will say it for me——

The CHAIRMAN. The statistics are right, but your guess is wrong; that is the difference.

Mr. MAYNARD. I was not guessing; I was going to tell you why that seemed so.

Mr. CLARK. Here was the fact about that, that nine-tenths of the St. Louis trade, maybe not that much, but three-fourths at least, is west of the Mississippi River, and if he ships his peanuts to St. Louis, he ships them clear to El Paso, Tex., clear out as far as the towns on the coast, and therefore he was incorrect in his statement that he is shut out of the territory west of the Mississippi River. St. Louis sells from away up in Iowa clear down to the Gulf.

Mr. MAYNARD. And St. Louis is buying the peanuts at about 3 to 3½ cents a pound, when they ought to pay, for the man who raises peanuts to make anything on his crop, at least 4 cents a pound.

The CHAIRMAN. Do you want to take that out of the poor Italian who stands on the street corner and peddles them and who roasts them, and all that sort of thing, no one of whom ever got rich out of it?

Mr. MAYNARD. A good many of them go back to Italy all the same. I am not seeking to take it out of any special man, or any special class, but there should be a fair division of things in this country.

The CHAIRMAN. On the other hand, they have helped to popularize the goods. They are out there without paying any rent, they are in all sorts of weather, they are roasting your peanuts and selling them and making a market for them. People buy one hundred bags where they would not buy one before, because they are put right under their noses. You want to cut down the profits of those men who are increasing yours.

Mr. MAYNARD. The chairman of this committee, in commiserating the poor Italians standing on the corner, evidently never worked on a farm.

The CHAIRMAN. You say I never worked on a farm?

Mr. MAYNARD. Evidently; from the fact that you are commiserating with the poor Italian roasting peanuts on the corner. The farmers have some hardships under which they labor.

Mr. CLARK. Here this abnormal condition is presented, just as these Republicans on this Ways and Means Committee are gradually coming to the idea of revising the tariff down, you people come in here and not only take them back where they were before, but lift them clear out of their boots. [Laughter.]

Mr. MAYNARD. Mr. Clark, if I believed for one minute that the members of this committee were going to put down the price of rakes and plows and reaping machines and other things that are necessary in an agricultural business and those things that the farmers need in producing their crops, so that the farmers, with the present rate of tariff, could buy what they need to produce at 25 to 50 per cent less than they have, it would mean that much additional profit to the man who produces the peanut under the condition of affairs that exist now; but you do not believe it and I do not believe it, and they do not pretend it.

The CHAIRMAN. The tariff on agricultural implements is 20 per cent. I understand if we should put them on the free list and leave peanuts where they are now, you would still vote for the bill?

Mr. MAYNARD. After I see the bill I will see whether I am going to vote for it or not. If there is any gentleman who has any question to ask me, I will do my best to answer it.

The CHAIRMAN. Was the peanut question the issue in your last campaign?

Mr. MAYNARD. I have been a candidate down there five times. Sometimes it has been and sometimes it has not been, but whether it is or not, I am going to try to do the best I can to represent the interests of the people down there.

The CHAIRMAN. Do you always range yourself on the side of the peanut?

Mr. MAYNARD. I try to represent the interests of the people who elect me, whether the peanut is an issue or not. It has never been an issue, so that it has not affected the election one way or the other, but that is not the reason I stand here.

The CHAIRMAN. If they are for peanuts, you are?

Mr. MAYNARD. No, sir; that is not the situation at all. I said there was nothing that occurred in this election or any other election.

The CHAIRMAN. I know; but if they are for a tariff on peanuts, you are?

Mr. MAYNARD. I am here to represent the people.

The CHAIRMAN. Yes, you represent them; but that does not mean much unless you are for a tariff on peanuts.

Mr. MAYNARD. It means a good deal. All the people I represent do not produce peanuts.

The CHAIRMAN. And many of them do not believe in a tariff on peanuts?

Mr. MAYNARD. I did not say that.

The CHAIRMAN. Is that not true?

Mr. MAYNARD. I have to take my responsibility with my people. If I stand for something that they do not approve.

The CHAIRMAN. You do not want to answer that question. I thought you were going to answer what questions you could. Now, can you not answer it?

Mr. MAYNARD. Yes; I can. I can say that if a majority of the people do not approve it I do not know it.

The CHAIRMAN. You do not know whether they do or not?

Mr. MAYNARD. I say if they have any adverse position I do not know it.

The CHAIRMAN. Was your opponent for a duty on peanuts?

Mr. MAYNARD. My opponent was a Republican, and he generally wants to put as big a duty on everything as he can.

The CHAIRMAN. Did he advocate an increase in the duty on peanuts?

Mr. MAYNARD. My opponent was a Republican——

The CHAIRMAN. Did he not advocate it before the people?

Mr. MAYNARD. He advocated a duty on everything.

The CHAIRMAN. Did he advocate an increased duty on peanuts?

Mr. MAYNARD. He did, and on everything else.

The CHAIRMAN. Did you oppose it?

Mr. MAYNARD. If I had I would not be here asking you for what I am to-day.

The CHAIRMAN. You made the people believe you were for a tariff on peanuts?

Mr. MAYNARD. I did not deceive them when I stand and tell you that I advocate what I am advocating.

The CHAIRMAN. Then you can answer my question. You made your people think you were for a tariff on peanuts?

Mr. MAYNARD. I did not make them believe anything, I stated the facts.

The CHAIRMAN. Did you tell them you were for a tariff on peanuts?

Mr. MAYNARD. I tell you to-day that I am. [Laughter.]

The CHAIRMAN. Did you tell them so?

Mr. MAYNARD. I tell you that I am.

The CHAIRMAN. Did you tell them so?

Mr. MAYNARD. I tell you that I am.

The CHAIRMAN. Do you not want to answer that question? You volunteered to answer any question. I do not want to ask you any question that may embarrass you.

Mr. MAYNARD. I do not know that I ever did tell them so. I think the gentlemen down there are not certain, because I never did tell them.

The CHAIRMAN. I wanted to see whether the people in your district were unanimously for an increase of tariff on peanuts.

Mr. MAYNARD. I do not think the people in any district are unanimous for anything. They gave me a very substantial majority, and I am here to represent them.

The CHAIRMAN. They knew your views; have your views changed on peanuts since a month before the election?

Mr. MAYNARD. My views have not changed on peanuts since several months before the election, before I had a Republican opponent.

The CHAIRMAN. Now we are around where we can understand you. As I understand, no tariff is too good or too high for agricultural products in your district?

Mr. MAYNARD. I did not say that.

The CHAIRMAN. I know, but is that not the way to put it?

Mr. MAYNARD. No; that is not the way to put it.

The CHAIRMAN. Why did you advocate, then, an increase of 400 per cent on peanuts, when the market now all belongs to the United States and the growers of the United States have it all?

Mr. MAYNARD. The market does not all belong to them. The production of peanuts in the United States has not increased much of late years, and will not increase much because the area that produces them is limited in amount.

The CHAIRMAN. How are they producing all the peanuts that are used in the United States if the amount has not increased?

Mr. MAYNARD. The amount of peanuts imported is enough to break down the market.

The CHAIRMAN. No; what is imported is not enough to break down the market.

Mr. MAYNARD. That is simply an opinion.

The CHAIRMAN. You have not studied statistics; that is the trouble with you. If you had looked that up, I do not think you would have

taken that attitude for such an increase of duty on peanuts. I would commend these publications to you, you can get them from the committee, and I think you will reverse yourself.

Mr. MAYNARD. I shall study the statistics with a view of expressing my views hereafter, not with a view of changing my mind.

Mr. HILL. From what other country is the competition besides Japan?

Mr. MAYNARD. France and Spain.

Mr. HILL. Do you know what the total production of Japan is?

Mr. MAYNARD. No, sir; I do not. I have not the figures.

Mr. HILL. Are you aware of the fact that they are entirely produced by irrigation?

Mr. MAYNARD. I do not know just exactly how they are produced, but I know the industry is growing.

Mr. HILL. You have no knowledge, then, as to the comparative cost of the production with your people and with your main competitor, Japan?

Mr. MAYNARD. No, sir; I have not the figures, and I did not intend to be at this hearing at all, but some of the questions asked by both sides of the committee caused me to get up and say what I did.

STATEMENT OF MR. J. D. MARTIN, REPRESENTING MARTIN & SONS, PETERSBURG, VA.

Mr. MARTIN. I simply wanted to take the matter up from the standpoint of what the actual cost of raising these peanuts is in the United States. To-day the market is about 90 cents a bushel for Spanish nuts. Our dealings are entirely on Spanish, the small nuts, that are all cleaned, and the kernel sold to the candy trade and the roasters and the people who put up assorted peanuts, and such stuff as that. It does not apply to the Virginia nuts at all. The market is to-day a little above 90 cents, on a basis of about 3 cents a pound for the nuts in the shell just as they stand. I have been for twelve years a solicitor out through the country, and occasionally buying and selling on commission for the farmers. I handle only the nuts as they come direct from the farmer. I handle no finished product as it comes out of the mills. My experience, as near as I can figure the cost of raising the peanut, is just this: It costs about seven or eight days' labor, certainly, on an acre of peanuts, and figuring the labor at \$1 a day, that is \$7. The cost of the seed that you will have to put in that acre will be, possibly, \$1.60. The cost of the guano that the average farmer puts on an acre of peanuts will be about \$4 or \$4.50. That peanut has to be dug, then; it has to be packed up, piled up in the field, staying there possibly three weeks to dry. In that digging and sacking and curing (what we call curing the nut), I should say it costs at least \$1 an acre in labor more. Those peanuts have to be run through a thrasher, just as wheat has, and has to be thrashed off. The usual charge is 30 cents a bag; that would figure out about \$1 an acre that the cost of thrashing that peanut is. Now, you have to furnish a bag to put those peanuts in; and figuring that the average yield, and I believe that is all any yield will be in Virginia, is about 20 bushels to the acre, figuring it that way, it will take 60 cents worth of bags to put the peanuts in. That peanut stands him in about \$16.

Mr. HILL. That should be \$15.70.

Mr. MARTIN. You must have left something out.

Mr. HILL. Labor, \$7?

Mr. MARTIN. Yes.

Mr. HILL. Seed, \$1.60?

Mr. MARTIN. Yes.

Mr. HILL. Guano, \$4.50?

Mr. MARTIN. Yes.

Mr. HILL. Digging and sacking, \$1.

Mr. MARTIN. Yes.

Mr. HILL. Thrashing, \$1?

Mr. MARTIN. Yes.

Mr. HILL. Bags, 60 cents?

Mr. MARTIN. Yes. Those peanuts are out in the country on his farm; they are not yet to the market. The freight rate will possibly run 25 cents a hundred pounds. In other words, the cost will be a quarter of a cent a pound in addition to the cost you have put there, if he gets a yield of 20 bushels to the acre.

Mr. HILL. The yield has been said to be 28 to 30 bushels.

Mr. MARTIN. The average peanut does run this. This is a nut that is not sold on its looks, but on the demand for that particular kind of a nut.

Mr. HILL. That makes 78.5 cents a bushel, and a gentleman has just testified that they are worth ninety.

Mr. MARTIN. I think that is the cost in the country; he has not put those peanuts to market.

Mr. HILL. The market is a variable item?

Mr. MARTIN. The freight rates are not so variable. These are away out from the market. You understand, you have only three markets to put them to—Petersburg, Suffolk, or Norfolk—and the freight rate is virtually the same thing.

Mr. HILL. What is that?

Mr. MARTIN. It would average between 20 and 25 cents a hundred pounds.

Mr. HILL. And there are 3 bushels to a hundred?

Mr. MARTIN. Three and a half.

Mr. HILL. You say 25 cents. That would make about 86 cents?

Mr. MARTIN. At the present price of 85 to 90 cents a bushel he is getting for his peanuts I can not figure out where he is coming out even. You figure nothing for his horse or feed for his horse or any of those expenses. I own a little farm, but it is true I do not raise peanuts there to any extent.

The CHAIRMAN. What are they worth a bushel on this market in this country?

Mr. MARTIN. At Washington, do you mean, or at Petersburg?

The CHAIRMAN. Where you sell yours.

Mr. MARTIN. I sell mine to the cleaner right there in the cities. They are worth about 3½ cents there.

The CHAIRMAN. That is for this year. What were they worth last year?

Mr. MARTIN. They would hardly average that. The bulk crops sold at 80 cents a bushel.

The CHAIRMAN. Last year?

Mr. MARTIN. Yes, sir; out of the farmers' hands.

The CHAIRMAN. What did they sell for the year before?

Mr. MARTIN. I should say the bulk of it sold in the neighborhood of \$1, from \$1 to \$1.10.

The CHAIRMAN. What about the year before that?

Mr. MARTIN. The year before that possibly 60 to 75, or up to 80 cents. I do not know exactly what the bulk of it would be. I have not had a chance to figure back on my books.

The CHAIRMAN. You did not have to go to the poorhouse any year when it sold at from 60 to 80 cents?

Mr. MARTIN. It does not matter to me what they sell for. I am simply giving what it means to the farmer. I get my commission whether it sells for \$1 a bushel or \$1.50 a bushel.

The CHAIRMAN. You do not raise peanuts?

Mr. MARTIN. I raise them on a little farm out there, but I travel and solicit for them. I know that to-day the Spanish peanut market is not better for the simple reason that it has a short crop and poor crop, whereas the yield for Spanish peanuts last year was 18½ pounds, but this year there is not a man in the business giving 16 pounds to the bushel to the market in New York. To-day they are offering shelled nuts there out of Spain and Africa at a cost much below what we can land them from Petersburg into New York for.

The CHAIRMAN. I want to say to you gentlemen who appeared here to-day that if this committee should raise this duty on peanuts we would be in duty bound to raise nearly every duty in the whole tariff act, from the beginning to the end. There is just as much reason for it in any paragraph as there is in this one.

Mr. MARTIN. That is possibly so. Of course, I will not take issue with you on a question of that kind, but I know about what these people are doing, and I know what they are getting, and I know there is certainly no money in it.

The CHAIRMAN. The difficulty is you run up against the statistics of the importations and the amount you raise and the money you get for it, and the fact that you continue in the business.

Mr. MARTIN. I do not see why the fact that I am continuing in the business should affect it—

The CHAIRMAN. I do.

Mr. MARTIN (continuing). Because I am handling peanuts themselves for a commission on every bag of peanuts. There is 5 cents a bag in it to me, whether it costs \$2 a bag or \$7 a bag. I make my commission of 5 cents a bag either for selling it or buying it.

Mr. FORDNEY. It costs just as much to sell a bag of peanuts if they make 40 cents a bag as if they make \$1.10 a bag?

Mr. MARTIN. As far as my part of the business goes, it does not make any difference whether they raise or lower the tariff, because I can handle foreign nuts the same as I can domestic nuts.

Mr. HILL. Is your competition stronger because of the shelled or the unshelled?

Mr. MARTIN. Both of them affect the market, the peanut market. It is hard to explain to any one who is not in the business. It is the most curious business a man has ever got in, and a great deal of the work is done, simply, you might say, by the buyers taking a chance as to what will be the result of some little matter that seems of no moment. Every time any foreign peanuts commence to be offered in

the towns of New York, which is one of the largest handlers in the work, or in Boston or Philadelphia or any of those points, it simply demoralizes the market. We sometimes have weeks when you can not sell a peanut at any price to one of these cleaners. The cleaners have a great deal of money invested in the peanut business through the State of Virginia, through Tennessee, and in St. Louis, places of that kind.

The CHAIRMAN. Does any other gentleman desire to be heard on the subject of peanuts or any other subject? If not, the committee will take a recess until half past 9 to-morrow morning.

(Thereupon, at 5.30 o'clock p. m., the committee adjourned until to-morrow, Friday, December 18, 1908, at 9.30 o'clock a. m.)

APPENDIX.

SCHEDULE C—METALS AND MANUFACTURES OF.

CARD CLOTHING.

GEORGE L. HAMILTON, NORTH ANDOVER, MASS., FOR CARD-CLOTHING MANUFACTURERS, SUBMITS ADDITIONAL INFORMATION.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We beg to submit the following information:

Comparative cost price of 1 square foot of card clothing set with 6-ply, 4-millimeter, felt-faced cloth and No. 34 hardened and tempered steel wire.

England.

1 square foot of cloth.....	\$0. 2858	
Add one-fourth margin.....	. 0714	
		\$0. 3572
1 pound of wire.....		. 1888
Manufacturing expenses.....		. 1500
Cost price in England.....		. 6960
Duty.....	. 45	
Freight and charges.....	. 03	
		. 4900
		1. 1760

United States.

1 square foot of cloth.....	\$0. 2858	
Duty, freight, and charges.....	. 4031	
		. 6889
Add one-fourth margin.....	. 1722	
		\$0. 8611
1 pound of wire.....	. 1888	
Duty, freight, and charges.....	. 0805	
		. 2693
Manufacturing expenses.....		. 3500
		1. 4804

The duty on the materials to make 1 square foot of this card clothing is—

For card cloth.....	\$0. 5039
For card wire.....	. 0805
Total.....	. 5844

The rate on the finished article is \$0.4500 per square foot.

Cost of materials.

6-ply 4-millimeter felt face cloth:

Cost in England.....	10s. 6d. per sq. yd.	
or	\$.2858 per sq. ft.	
Weight of 1 sq. ft.....	9.1 ounces	
Cost of 1 lb.....	.5025	
Duty one pound	\$.44000	
and 50% ad val.....	.25125	
	\$.69125 or per sq. ft.....	\$.3931
	Fght. & charges .....	.0100
	Duty, fght., & charges.	\$.4031

No. 34 hardened and tempered steel wire:

Cost in England per stone.....	9s. 3d.	
or	\$.1888 per lb.	
Duty 40% ad val.....	\$.0755	
Fght. & charges.....	.005	
	Duty, fght., & charges.	\$.0805

Comparative cost price of 1 square foot of card clothing set with woolen cloth (1 linen, 1 cotton), natural rubber face, and No. 32 hardened and tempered steel wire:

England.

1 square foot of cloth.....	\$0.2313	
Add $\frac{1}{4}$ margin .....	.0702	
		\$0.3515
1 pound of wire.....		.1463
Manufacturing expenses.....		.1500
		.6478
Cost price in England.....		
Duty.....	\$0.45	
Freight and charges .....	.03	
		.4800
		1.1278

United States.

1 square foot of cloth.....	\$0.2313	
Duty, freight, and charges.....	.3242	
	.6055	
Add $\frac{1}{4}$ margin .....	.1514	
		\$0.7569
1 pound of wire.....	.1463	
Duty, freight, and charges.....	.0635	
		.2098
Manufacturing expenses.....		.3500
		1.3167

The duty on the materials to make 1 square foot of this card clothing is—

For card cloth.....	\$0.4052
For card wire .....	.0635
Total .....	.4687

The rate on the finished article is \$0.4500 per square foot.

Cost of materials.

Woolen cloth (1 linen, 1 cotton) natural rubber face:

Cost in England.....	10s. 4d. per sq. yd.
or.....	\$.2813 per sq. ft.
Weight of 1 sq. ft.....	5.8 ounces.
Cost of 1 lb.....	.776

Duty one pound.....	\$.44
and 55% ad val.....	.4268

\$.8668	or per sq. ft.....	\$.3142
	Freight & charges...	.0100

Duty, fght., & charges..... \$.3242

No. 32 hardened and tempered steel wire:

Cost in England per stone (12 lbs.).....	7s. 2d.
or.....	\$.1463 per lb.

Duty 40% ad val.....	\$.0585
Freight & charges.....	.005

Duty, freight, and charges..... \$.0635

Comparative cost price of 1 square foot of card clothing set with 7-ply, wool-faced cloth and No. 22/28 double convex hardened and tempered steel wire.

England.

1 square foot of cloth.....	\$0.2950
Add $\frac{1}{2}$ margin.....	.0736
	\$0.3686
1 $\frac{1}{2}$ pounds of wire, at \$0.1548.....	.2322
Manufacturing expenses.....	.1500
Cost price in England.....	.7508
Duty.....	.4500
Freight and charges.....	.0300
	.4900
	1.2308

United States.

1 square foot of cloth.....	\$0.2950
Duty, freight, and charges.....	.4160
	.7110
Add $\frac{1}{2}$ margin.....	.1776
	\$0.8886
1 $\frac{1}{2}$ pounds of wire.....	.2322
Duty, freight, and charges.....	.1102
	.3424
Manufacturing expenses.....	.3500
	1.5810

The duty on the materials to make 1 square foot of this card clothing is—

For card cloth.....	\$0.5200
For card wire.....	.1102
Total.....	.6302

The rate of the finished article is (per square foot) \$0.4500.

Cost of materials.

7-ply wool-faced cloth:

Cost in England	10s. 10d. per sq. yd.	
or	\$.2950 per sq. ft.	
Weight of 1 sq. ft.	9.4 ounces	
Cost of 1 lb.	\$.5021	
Duty one lb	\$.44	
and 50% ad val.	\$.2510 or per sq. ft	\$.4060
Freight & charges .....		.01

\$.4160

No. 22/26 double convex hardened and tempered steel wire:

Cost in England per stone (12 lbs.) ..	7s. 7d.	
or	\$.1548 per lb.	
Duty 45% ad val. ....	.0696	
Freight & charges .....	.0050	

Duty, freight, & charges..... \$.0746

Comparative cost price of 1 square foot of brush clothing set with
woolen cloth (1 linen), red rubber face and No. 28 brass wire.

England.

1 square foot of cloth	\$0.2926	
Add $\frac{1}{4}$ margin .....	.0734	
1.8 pounds of wire at \$0.2854		\$0.3660
Manufacturing expenses .....		.4777
		.1500
Cost price in England .....		.9937
Duty .....	.20	
Freight and charges .....	.03	
		.2300
		1.2237

United States.

1 square foot of cloth	\$0.2926	
Duty, freight, and charges .....	.3541	
	.6467	
Add $\frac{1}{4}$ margin .....	.1616	
1.8 pounds of wire, at \$0.2854 .....	.4777	\$0.8083
Duty, freight, and charges .....	.2002	
		.6779
Manufacturing expenses .....		.3500
		1.8362

The duty on the materials to make 1 square foot of this card clothing is—

For card cloth	\$0.4426
For card wire .....	.2002
Total .....	.6428

The rate on the finished article is \$0.2000 per square foot.

Cost of materials.

Woolen cloth (1 linen) red rubber face:

Cost in England.....	10s. 9d. per sq. yd.
or	\$.2926 per sq. ft.
Weight of 1 sq. ft.....	7.2 ounces.
Cost of 1 lb.....	\$.6502
Duty one pound.....	.44
And 50 % ad val.....	.3251

.7651 or per sq. ft..... \$.3441
 Freight & charges..... .0100

Duty, freight & charges.... \$.3541

No. 28 brass wire:

Cost in England, per lb.....	1s. 1d.
or	\$.2654 per lb.
Duty 40% ad-val.....	\$.1062
Freight & charges.....	.0050

Duty, freight, & charges.... \$.1112

Comparative cost price of 1 square foot of napper clothing set
 with three-ply vulcanized rubber face and No. 28/32 sectoral phos-
 phor bronze wire:

England.

One square foot of cloth.....	\$0.2244
Add one-fourth margin.....	.0560
	<hr/> \$0.2804
One pound of wire.....	.4500
Manufacturing expenses .....	.1500
	<hr/> \$.8904
Cost price in England.....	
Duty .....	.20
Freight and charges.....	.03
	<hr/> \$.2300
	<hr/> 1.1104

United States.

One square foot of cloth.....	\$0.2244
Duty, freight, and charges.....	.1110
	<hr/> \$.3354
Add one-fourth margin.....	.0838
	<hr/> \$0.4192
One pound of wire.....	.4500
Duty, freight, and charges.....	.2075
	<hr/> \$.6575
Manufacturing expenses .....	.3500
	<hr/> 1.4267

The duty on the materials to make 1 square foot of this card
 clothing is:

For card cloth.....	\$0.1367
For card wire.....	.2075
	<hr/> \$.3462
Total	

The rate on the finished article is \$0.2000 per square foot.

*Cost of materials.***3-ply vulcanized rubber:**

Cost in England.....	8s. 3d. per sq. yd.
or	\$.2244 per sq. ft.

Duty 45% ad val.

Per sq. ft.....	\$.1010.
Freight & charges.....	.01

Duty, freight, & charges.....	\$.1110
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No. 28/32 sectoral phosphor bronze wire:

Cost in England, per lb.....	1s. 10d.
or	\$.4500 per lb.

Duty 45%.....	.2025
Freight & charges.....	.0050

Duty, freight, & charges.....	\$.2075
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SCHEDULE H.—SPIRITS, WINES, AND OTHER BEVERAGES.

CARBONATED BEVERAGES.

THE AMERICAN BOTTLERS' PROTECTIVE ASSOCIATION, NEW YORK CITY, ASKS FOR RETENTION OF PRESENT DUTY UPON SODA, GINGER ALE, AND LIKE BEVERAGES.

NEW YORK CITY, December 4, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The American Bottlers' Protective Association, whose membership is composed of nearly all the leading manufacturers and bottlers of soda, ginger ale, and other carbonated beverages in this country, desiring to be heard upon the question of the adjustment of a tariff upon similar products manufactured abroad and imported for consumption in America, respectfully submit:

The manufacture of these beverages in the United States may fairly be termed, even at this day, an "infant industry."

Several eminent chemists and certain manufacturers of machinery and appliances have worked very hard for the success which has been attained in manufacturing soda, ginger ale, and other carbonated beverages in this country, but it may fairly be said that such success is, after all, but a fair promise of the future of this industry.

We believe that the tariff upon this class of imports should not be reduced. It is already very small and its reduction would be of no advantage to the consumer. The large importer would profit by the abolition of the duty, but the general distributor would still charge the consumer the same price that exists at present, for the reason that the duty on each package is now so small that the retail dealer would not shade his present price in order to give the consumer the benefit of the reduced duty.

The pure-food laws and regulations of the Congress and the legislatures of the various States require a high standard of excellence in our products, and we believe that everything possible should be done to encourage manufacturers of these beverages to comply with the requirements of such laws and regulations. We fear that if American manufacturers of soda, ginger ale, and other carbonated beverages are compelled to compete in the American market with foreign manufacturers both the American product and the foreign product will deteriorate in the struggle to foist upon the public cheap and deleterious beverages.

The great wave of temperance sentiment which for some time past has been sweeping over the country requires that the question of pure

and wholesome temperance drinks should receive careful consideration. There is a public demand for high-class beverages which are not intoxicating. Individuals, firms, and corporations engaged in our business and members of our organization believe that every effort should be made to satisfy this public demand by producing a quality of goods which shall strictly comply in analysis with the most exacting requirements of all state and national laws.

The customs duties hereinbefore referred to are not only a source of revenue, and at the same time a protection to American industry, but also safeguard the public health.

Respectfully submitted.

AMERICAN BOTTLERS' PROTECTIVE ASSOCIATION,
FRANK P. CARR, *President*.
R. E. SCHODER, *Secretary*.

CORDIALS.

**CHARLES JACQUIN ET CIE., NEW YORK CITY, ASK AN ADVANCE
OF DUTY ON CORDIALS AND FRUIT BRANDIES.**

NEW YORK, *November 25, 1908.*

HON. S. E. PAYNE,

House of Representatives, Washington, D. C.

DEAR SIR: Your attention is called, in view of the present tariff agitation, to a serious condition in our line, the distillation of fancy goods and manufacturing of cordials.

The reciprocity duty of \$1.75 per gallon against the home tax of \$1.10 per gallon, which is only 65 cents per gallon difference, and when reduced per bottle, 13 cents per bottle, is again offset by cheaper labor in Europe, and therefore it acts as a hindrance to distillation of fruit brandies, such as prunes, apricots, and the manufacturing of cordials, as the public at large—there being hardly any difference in the price of foreign goods—prefer the imported goods, and therefore the only domestic goods that are in demand are the very cheap grades. We should think that in view of the fact that tariff is for revenue, the duty on luxuries, such as distilled fruit brandies and cordials, could be made \$3 per gallon, and if it comes to a question of reciprocity, it should be \$2.25 at least. Formerly we only paid a tax of 90 cents, against a duty of \$2, and later on \$2.25, and therefore the distillation of the class of goods mentioned above was encouraged. Owing to the present state of affairs, it is not only the cordial manufacturer, but other industries that suffer, to wit, the fruit grower, the manufacturer of bottles, the lumber dealer, the manufacturer of boxes, the lithographer, paper manufacturer, tin capsule manufacturer (caps), and also the iron industry (manufacturer of nails and straps), as their goods are not used in the quantity that they should be if attention were given to the duty on such fancy goods as a luxury.

Thanking you in advance for anything you can do in this matter when the time comes, we remain.

Yours, respectfully,

CHAS. JACQUIN ET CIE. (INC.).

MINERAL WATERS.

IMPORTERS OF APOLLINARIS AND OTHER MINERAL WATERS
ASK FOR REDUCTION OF DUTY.NEW YORK, *December 1, 1908.*

Hon. SERENO E. PAYNE,

*Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: We beg to submit that the accompanying table of the present and past rates of duty on mineral waters is in itself ample evidence of the necessity for a reduction of the present rates.

Prior to 1879 both the water and the bottles containing the same came in entirely free.

From 1879 to 1890 the duty per case of 50 whole or quart bottles was 23 cents; it is now \$1.25.

Similarly, a case of 100 small or pint bottles from 1879 to 1890 paid 36 cents, but now pays \$1.66.

The half-pint bottles (commonly called "splits") were not imported prior to 1894, but would under the 1879 tariff have paid correspondingly less than the 36 cents per 100 pint bottles, while they now also pay \$1.66—just as much as the pint bottles—which clearly is unwarranted.

Up to 1894 these mineral waters when filled in stone jugs paid no duty whatsoever, while now the same are subject to the prohibitive duty of \$3.22 per hamper of 50 quart stone jugs, the importation thereof having accordingly ceased.

Yours, respectfully,

APOLLINARIS AGENCY COMPANY,
I. HALDENSTEIN, *Managing Director.*

EXHIBIT A.

Table of duty on Apollinaris and other mineral waters.

	Per case of 50 quart bottles.	Per case of 100 pint bottles.	Per case of 100 half-pint bottles.	Per ham- per of 50 quart stone jugs.
1872 to 1879.—No duty on the water or on the coverings.	None.	None.	(*)	None.
1879 to 1890.—No duty on the water. Duty of 30 per cent on the value of the glass bottles. No duty on the stone jugs.	\$0.23	\$0.36	(*)	None.
1890 (McKinley Act).—Duty calculated on the weight of the empty glass bottles, at 1 cent per pound on quarts weighing 1½ pounds each and 1½ cents per pound on the pint bottles weighing 1 pound each. No duty on stone jugs.	.75	1.50	(*)	None.
1894 (Wilson Act).—Calculated on the weight of the empty glass bottles, at three-fourths cents per pound on the quarts, 1½ cents per pound on the pints, and 1½ cents per pound on the half-pints (weight 11 ounces). No duty on the stone jugs.	.56½	1.12½	\$0.77½	None.
1897 (Dingley Act, Schedule H, par. 301).—Calculated at 30 cents per dozen quart bottles, 20 cents per dozen pint bottles, and 20 cents per dozen half-pint bottles. Stone jugs, per hamper of 50 quarts, calculated at 24 cents per gallon, 12½ gallons per 50 jugs being \$3, and 25 per cent duty on 3.65 marks, the value of 50 empty stone jugs, being 91 pfennig, or 22 cents, making a total of \$3.22 per 50 quart jugs.	1.25	1.66	1.66	\$3.22

* Not imported.

† Prohibitive rate; hence apollinaris not imported in jugs.

HENRY MELVILLE, NEW YORK CITY, SUBMITS STATEMENT RELATIVE TO ADMISSION OF APOLLINARIS INTO FRANCE.

NEW YORK, December 2, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In the printed minutes of hearings before you, in remarks of Mr. Vance, I notice an erroneous statement as to the conditions governing the admission of Apollinaris water into France.

It is not true that the word "artificielle" must be, or is, blown in the bottle or used on the label, or that "salts are added to give the water life and sparkle," or for any other purpose.

To Apollinaris, as it comes from the spring and is bottled, absolutely nothing is added except its own natural gas.

The matter is governed by an order of the minister of the interior, No. 3620, dated October 27, 1906, reading as follows:

L'introduction des eaux minerales artificielles etrangeres est subordonnee aux conditions suivantes:

1. Ces eaux doivent etre renfermees dans des bouteilles or cruchons, portant en caracteres indelebiles, l'indication "Eau artificielle."

2. Leur importation en tonneaux autres recipients est interdite.

3. La douane doit s'assurer sur echantillon, de la bonne qualite de l'eau employee a leur fabrication et du bon etat des siphons, notamment en ce qui concerne les tetes metalliques et les tubes interieurs.

L'eau d'Apollinaris etant gazeifiee au moyen de son propre gaz n'est pas consideree comme une eau artificielle. L'introduction de cette eau n'est soumise des lors qu' aux deux. (Lettre commune n 1130 du 2 juin 1905.)

[Translation.]

The introduction of foreign artificial mineral waters is subject to the following conditions:

1. These waters must be inclosed in bottles or jugs bearing in indelible characters the indication "Eau artificielle."

2. Their importation in barrels or other receptacles is forbidden.

3. The custom-house must satisfy itself on a sample of the good quality of the water employed in their fabrication and of the good condition of the siphons, especially as regards the metal heads and the interior tubes.

The Apollinaris water, being carbonated by means of its own gas, is not considered as an artificial water. The introduction of this water is subject, therefore, only to the last two conditions mentioned above. (Circular letter No. 1130 of June 2, 1905.)

Requesting, therefore, as a matter of justice, that this correction may go into the report of the hearings and thus be given the same publicity as the original mistake, I am,

Very respectfully,

HENRY MELVILLE,
Attorney for Apollinaris Company (Limited).

PRUNE JUICE.

NICHOLAS RATH & CO., NEW YORK CITY, THINK PRESENT DUTY ON PRUNE JUICE IS INADEQUATE.

NEW YORK, December 4, 1908.

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: In reference to the tariff hearings now being held by your committee, we most respectfully beg to draw your attention to

what to us appears an entirely inadequate duty imposed on an article of foreign manufacture, which is imported to be placed in competition with a material made here.

The article we refer to is imported under the name of "prune juice," and for a long time was admitted at an ad valorem duty, but since the passage of the McKinley tariff bill it has been subject to a specific duty of 60 cents per gallon, with an alcoholic strength of under 18 per cent.

We commenced the manufacture of the original and genuine article designated by the name "prune juice," here in 1869, it being a combination of prunes, raisins, etc., with about 33 per cent spirit. This, needless to say, is a purely American product, paying to the United States Government over 50 cents per gallon in tax on spirit and duty on fruit, not to mention \$200 a year for license.

After spending several of the best years of our lives and large sums of money in introducing this article of American manufacture, certain people—in order to profit by our work and the high reputation of our goods—got some cheap concoctions made in Germany, which they also branded "prune juice," although such an article bearing that name was never known to the trade in any country but this.

We most respectfully submit that this subjects us to a very great injustice, as this article—even if it were at all like the original in quality—could be made in Europe much more cheaply than here, labor, house rent, etc., being so much lower. As a matter of fact, it seems to us a great hardship that such articles should be admitted at all under the brand of "prune juice," they being almost totally different to what is known to commerce by that name.

Trusting that your committee will give this matter their kind consideration, we are,

Yours, very respectfully,

NICHOLAS RATH & Co.,
MATTHEW RATH, *President*.

SCHEDULE N—SUNDRIES.

ARTIFICIAL FLOWERS AND FEATHERS.

PHILADELPHIA MANUFACTURERS OF ARTIFICIAL FLOWERS AND FANCY FEATHERS ASK AN INCREASE OF DUTY.

PHILADELPHIA, PA., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We, the Associated Manufacturers of Artificial Flowers and Fancy Feathers of the City of Philadelphia, ask for an increase in import duty on said artificial flowers and fancy feathers for many reasons:

I. The European manufacturer can at the present time operate more cheaply than the American manufacturer.

(A) Because the scale of wages in Europe is much lower. (a) It is in proportion to dollars to marks. (b) A comparison of wages between France, Germany, and Austria, and the United States is in favor of the former countries. (aa) This comparison may be applied not only to hands, but also to rents and general running expenses with the same result. (c) There has been a steady increase in the scale of wages in the United States in all lines. With the first return of increased activity this will operate still further, meaning an increase in the cost of manufacturing domestic goods.

(B) (a) The foreign manufacturer can specialize. He either makes flowers or feathers, not both. He gets his orders far in advance of the domestic maker and fills in his dull season with orders for the United States. This enables him to operate his plant the whole year to full capacity, giving steady employment. (b) On the other hand the domestic manufacturer must make both flowers and feathers to keep his plant running or remain idle part of the time at the risk of losing his organization.

(C) The price of the domestic article is governed largely by the price of the imported and by the stock of the imported goods on the market (bought long before the domestic manufacturer gets his orders). Even with a 50 per cent duty the foreign manufacturer is able to successfully undersell the domestic manufacturer in a good many cases; hence the latter is forced to sell his product at a very close margin. Then, why lower the duty and make it still easier for the foreign manufacturer? Why not raise the duty and make it easier for the domestic manufacturer?

II. There are many items which domestic manufacturers are unable now to produce at all.

(A) With a raise in duty we could make these articles.

(B) With a reduction in duty there would be many more items which could not profitably be produced.

III. The increased importation shown by statistics and the increased competition with the foreign manufacturers has driven out specialty houses in the flower line.

(A) Some years ago fruits, foliages, and some other articles were made by specialty houses.

(B) The cheap foreign manufacturers specialize in these lines and have driven these people from the business.

IV. (A) A reduction of duty would only lower prices and mean fiercer competition between the domestic manufacturers themselves, as well as between them and the foreign man. This would result in a destruction of the industry and a general lowering of the wages.

(B) If the duty on cases and cartons only were lowered it would mean a reduction of at least 6 per cent in the schedule. The American manufacturer can not afford this.

(C) That the industry at the present time does not pay exorbitant profits is shown by the fact that no one man has grown enormously wealthy in it.

V. (A) Cotton goods, silk goods, velvets, etc., used for flower manufacturing purposes pay a duty at least as heavy as the imported made flowers, and in some cases even more; hence the raw materials cost more duty than the domestic finished product received protection.

(B) Statistics show that from 1890 to 1905 the value of the product, the number of establishments, the amount of wages paid, and the number of persons employed has steadily decreased, showing that the protection given this industry is not sufficient.

(a) *Extract from Census of Manufacturers, 1905.*

[Bull. 57, p. 276, Table 84. Published by Department of Commerce and Labor.]

Year.	Number of establishments.	Capital.	Hands.	Output.
1890.....	251	\$3,061,828	6,867	\$9,078,763
1900.....	224	3,632,789	5,331	6,298,535
1905.....	218	2,667,648	4,343	5,246,822

(C) Since 1905 the domestic business has shared in the general prosperity of the country, but it has not increased in any proportion to the foreign-importation business. (a) To make a fair comparison between the two, the duty, the expense of importation (freight charges, marine insurance, etc.), and a profit should be added to the totals of merchandise imported, as shown by the custom-house entry. This brings the total sales of imported goods to over twice that of the domestic goods. (b) From the above statistics, a liberal estimate shows that all the domestic manufacturers together do not turn out more than \$5,000,000 worth of merchandise.

NOTE.—This refers to artificial flowers and fancy feathers, exclusive of ostrich feathers.

Year ending June 30—	Feathers, flowers, fruits, grasses, leaves.	Feathers, downs, manufactured and finished birds.	Total.
1905.....	\$2,402,589	\$1,772,380	\$4,174,919
1908.....	3,747,021	2,648,212	6,395,233

Goods imported, 1908	\$6, 395, 233. 00
50 per cent duty	3, 197, 616. 50
40 per cent expense, commissions, profit	2, 558, 073. 20
Actual sales	12, 550, 922. 70
Estimate of domestic output	5, 000, 000. 00

The above shows that the imported sales amount to 150 per cent of the domestic sales.

We respectfully submit the above statement of facts and argument on behalf of The Associated Flower and Feather Manufacturers of Philadelphia.

JACOB HENLY.

BEADS.

AMERICAN BRAID MANUFACTURERS RECOMMEND A NEW CLASSIFICATION FOR BEADS OF ALL KINDS.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: "Beads of all kinds, not threaded or strung, thirty-five per centum ad valorem; fabrics, nets or nettings, laces, embroideries, galloons, wearing apparel, ornaments, trimmings, and other articles not specially provided for in this act, composed wholly or in part of beads or spangles made of glass or paste, gelatin, metal, or other material, but not composed in part of wool, sixty per centum ad valorem."

We recommend that paragraph 408 be amended so as to read as follows:

Beads of all kinds, not threaded or strung, thirty-five per centum ad valorem; fabrics, nets or nettings, laces, embroideries, galloons, wearing apparel, ornaments, trimmings, and other articles not specially provided for in this act, composed wholly or in part of beads or spangles made of glass or paste, gelatin, metal, or other material, sixty per centum ad valorem: *Provided*, That no article composed wholly or in part of beads or spangles made of glass or paste, gelatin, metal, or other material shall pay duty at a less rate than imposed in any schedule of this act upon articles without such beads or spangles.

The object of this proviso is the same as a similar proviso at the end of paragraph 339 in Schedule J, so as to preclude the possibility of any article coming in at a lower rate than intended, by the mere addition of some beads or spangles, and thereby defeating the intent of the act in regard to such articles.

Respectfully submitted.

BRAID MANUFACTURERS' ASSOCIATION OF THE UNITED STATES,
HENRY W. SCHLOSS, *President*.

BRISTLES AND BRUSHES.

MILES BROS. & CO., NEW YORK CITY, ASK A REDUCTION IN DUTY ON BRISTLES AND AN INCREASE ON BRUSHES.

NEW YORK, *November 30, 1908.*

HON. SERENO E. PAYNE,
Chairman of Ways and Means Committee,
Washington, D. C.

DEAR SIR: Relative to present duty on bristles, as well as the duty on manufactured brushes, would say: The present duty of 7½ cents

per pound on all kinds of bristles (whether they cost us from 26 cents to \$3 per pound, including said duty) makes our industry pay tribute of said $7\frac{1}{2}$ cents per pound on its raw material, which can not be produced within the United States; in fact, can only be obtained from foreign countries. Therefore, foreign manufacturers have a $7\frac{1}{2}$ cents per pound start and advantage over United States brush makers before touching the raw material.

As to the soft, short hair taken off the swine killed in the United States, it is of little use for brush making, being too short, and goes mostly into curled hair. Also, the number of pounds produced per annum is very small in comparison with the foreign bristles that come into this country per annum for our needs, and which can not be procured elsewhere than from China, Russia, and other cold climates. These China and Russia quality bristles can not be raised in the United States, even if you offered a bonus per pound, as the climate is not here.

Why should 3,433,941 pounds of bristles imported from July, 1906, to July, 1907, be saddled with a duty of $7\frac{1}{2}$ cents per pound for the sake of protecting, say, 433,941 pounds of soft United States swine hair not fit for 90 per cent of the usages of the United States brush maker, while as a matter of fact the other 3,000,000 pounds imported, saddled with $7\frac{1}{2}$ cents per pound duty, can not be produced at all in the United States or in any other locality in the world, except in the localities in foreign lands where the bristles come from at present?

We plead for a revision of paragraph 411 of old law, as follows:

Bristles sorted, bunched, or bundled, in customary one length to a bunch or bundle, but not in any manner ready to be made into a brush, free of duty.

Bristles of every kind, in small bunches or bundles, ready to be made into a brush, duty 50 cents per pound.

Kassan hair, badger hair, ox hair, fitch hair, mixed hair of all kinds, in small bundles ready to be made into a brush, duty of \$1.50 per pound.

As to duty on imported manufactured brushes, we desire it increased from 40 per cent to 60 per cent, owing to vast difference 'twixt American and foreign wages, particularly in toilet and drawn work, such as hair, nail, military, cloth, shoe, hat, and bath brushes. These comprise the bulk of foreign brushes imported 'twixt July 1, 1907, and July 1, 1908, \$1,648,310. We have a case in sight where a customer sent our \$6 per dozen hairbrush to Germany and had similar brush supplied for around \$5 per dozen, including the present duty of 40 per cent, and we lost further orders and labor for our factory.

Another instance, this year we made a solid back hairbrush similar to English made brushes that are used at Waldorf-Astoria Hotel, New York City, but did not get the business (as the material and labor in our brush cost \$26.58 per dozen, and could not be sold for less than \$32 per dozen), as New York City wholesale drug house sold the English brush at \$27 per dozen.

Now, as to price of labor, we learn Japan males receive 50 cents per day; females, 15 cents per day; children, 5 cents per day. This nationality are shipping to-day into the United States thousands of grosses of brushes per annum, and it will need a duty of at least 80

per cent to start the American manufacturer competing with the Japanese.

Same way with wages in England, France, and Germany being much less than United States.

This firm pays as high wages as paid in the United States for making toilet work; take hair and military brushes, skilled borers on steam machine, at 13 to 15 cents per 1,000 holes, can not earn over \$18 to \$20 per week, while draw hands (putting bristles in the holes of hairbrush block), at 35 to 40 cents per 1,000 holes, can not earn over \$8 to \$12 per week; both occupations tedious work and uninviting for future learners, and owing to quantity of foreign brushes coming in yearly it is hard work to give steady employment to all our hands continually through the year; therefore, if our people want foreign brushes let them pay a good, round figure for them, say a duty of 60 per cent or more; in meantime the American makers will be forging ahead, competing and chewing one another up, safeguarding the American public from being overcharged and the American brush maker getting too wealthy, but as "employment" is the foundation of all happiness and contentment, give the working people of the United States every chance for steady work. Any increased price they pay for a United States made article of any kind is vastly overbalanced by having employment 313 days per year instead of 250, or less, days work per year.

Respectfully submitted.

MILES BROS. & Co.,
Manufacturers of brushes.

**RENNOUS, KLEINLE & CO., BALTIMORE, MD., ASK PROTECTION
FROM JAPANESE COMPETITION.**

BALTIMORE, November 30, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Rennous, Kleinle & Co., of Baltimore, are manufacturers of brushes, our specialty being those for the paint, oil, and varnish trade, but we also manufacture brushes for household uses. Heretofore we have been but slightly affected by the 40 per cent ad valorem duty; but there exists at the present time a very large and strong combination of brush manufacturers in Germany who are now represented in the United States, and are quite a factor in the paint and varnish brush business.

In recent years Asiatic competition in toilet brushes has almost driven certain manufacturers of American made toilet brushes, especially hair, tooth, and nail brushes, out of business. It is impossible to inquire of a retail dealer of tooth brushes in the United States where you will not find in his stock tooth brushes "made in Japan." They are now commencing to manufacture the cheaper grades of paint and varnish brushes in imitation of American goods in which the shorter lengths of Chinese bristles are used. Labor is the greatest item of cost in the manufacture of cheap brushes, and where the foreign wage amounts to about one-fifth of what we pay for the same kind of labor in the United States, it must be evident that 40 per cent is not a sufficient duty on brushes. When it is taken into considera-

tion that, in addition to the difference in the cost of labor, they have the still further advantage of bristles costing them at least 33 $\frac{1}{3}$ per cent less than ours cost on the same lengths and qualities, it is evident that we are placed at a great disadvantage.

During the past four weeks we have had 138 employees in our factory engaged in the manufacture of brushes, as follows:

	Average wage.
59 men	per day-- \$2.43
30 boys	do----- 1.00
49 females	do----- .78

Japanese brush manufacturers, we learn, pay the following average wage:

	Cents.
Males	per day-- 50
Females	do----- 15
Children	do----- 5

We are safe in stating that during the past five years our company has used ten pounds of Asiatic or Black Chinese bristles to one pound of European, or Russian, German, and French bristles.

Our percentage of purchases for the past five years on Chinese bristles was as follows on the following sizes:

Length	inches--	2 $\frac{1}{2}$	2 $\frac{3}{4}$	3	3 $\frac{1}{2}$	3 $\frac{3}{4}$
Purchases in pounds	per cent--	30	17	21	17	15
Average cost to us (during past 5 years)	cents--	29 $\frac{1}{2}$	39 $\frac{1}{2}$	46	56 $\frac{1}{2}$	76
Less 7 $\frac{1}{2}$ cents per pound duty		7 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$
Foreign value	cents--	21 $\frac{1}{2}$	32	38 $\frac{1}{2}$	49 $\frac{1}{2}$	68 $\frac{1}{2}$
7 $\frac{1}{2}$ cents per pound equals	per cent--	34 $\frac{1}{2}$	23 $\frac{1}{2}$	19 $\frac{1}{2}$	15 $\frac{1}{2}$	11

The above are the sizes which are used in the cheaper grades of brushes.

This shows that the present duty imposed is in our judgment excessive. In view of the fact that the small quantities of American bristles produced is inadequate, as well as entirely unfit for use in paint and varnish brushes, we can see no reason why the present duty, or any duty whatsoever, should be placed upon bristles.

There is no combination or association of brush manufacturers in the United States for the purpose of controlling production or regulating prices. Competition is very keen, profits are small, and it will be a great advantage to the consumer should the duty be taken off on bristles. The foreign brush manufacturer has the advantage of not only a lower wage base, but also of his bristles free of duty.

The following statement shows a large yearly increase of Chinese bristles exported from Tientsin:

Year.	Cases of 112 pounds each.	Pounds.
1900	8,000	896,000
1901	11,000	1,232,000
1902	14,000	1,568,000
1903	15,300	1,713,600
1904	14,954	1,674,848
1905	11,326	1,268,512
1906 *		
1907	18,719	2,096,528
To July 23, 1908	9,490	1,062,880

* Impossible to procure data.

In the year 1907, out of 18,719 cases, of 112 pounds each, a total of 2,096,528 pounds, the United States took 13,891 cases, or 1,555,792 pounds, over 74 per cent of the entire quantity exported from the port of Tientsin alone.

Direct shipments are also made from Newchwang, Chungking, Hankow, and other Chinese ports, but I have not been able to obtain the figures from the last-named cities.

A normal assortment, as exported from China, consists of 66 cases of 110 to 112 pounds each, or a total of about 7,260 pounds, as follows:

Length-----inches--	2½	2½	3	3½	3½	3½	4	4½	4½	4½	5 to 6
Cases-----	23	7	8	7	5	4	3	2	2	1	4
Total, 66.											

Thus it will be seen we have about 35 per cent (2,530 pounds) 2½ inch, present price of which is 30 cents per pound, but the average price during the past five years to the American manufacturer has been about 29 cents per pound, on which 7½ cents per pound specific is equivalent to 34½ per cent duty on price laid down in England or Japan; or, deducting 7½ cents per pound duty and allowing 2½ cents for transportation charges and insurance and 2 cents per pound profit to the importer, it is safe to assume that the 2½-inch length is worth to-day about 18 cents per pound in China or Japan. It is therefore evident that the same bristle, under the present 7½ cents per pound specific duty, is now costing the United States manufacturer about 60 per cent more than the Japanese brush manufacture. We would suggest that schedule N, paragraph 410, should read: "Brushes, hair pencils, in quills or otherwise, 50 per cent ad valorem."

Please note we have omitted brooms and feather dusters of all kinds, for the reason that, in our opinion, these items belong to an entirely separate and distinct industry, and should not be classed along with brushes and hair pencils.

Paragraph 411, "Bristles, sorted, bunched, or prepared on free list."

In conclusion we wish to state that we are an incorporated company, with a capital stock of \$175,000, of which amount \$97,500 is invested in plant, machinery, tools, and fixtures.

We have from 125 to 150 employees, and our products are distributed in nearly every State in the Union.

Respectfully submitted.

WM. P. BIGELOW, *President.*
 RENNOUS KLEINLE & Co.,
Baltimore, Md.,
Manufacturers of Brushes.

DIXON & RIPPEL, NEWARK, N. J., APPEAL FOR FREE BRISTLES AND AN INCREASE OF DUTY ON BRUSHES.

NEWARK, N. J., *November 30, 1908.*

HON. SERENO E. PAYNE,
Chairman, House of Representatives,
Washington, D. C.

DEAR SIR: As manufacturers of brushes and users of bristles, we believe that brush manufacturers generally throughout the United

States require an increase in the duty on manufactured brushes; also that bristles should be placed on the free list.

Schedule N, paragraph 410, of the present law gives the duty on brushes as 40 per centum ad valorem. This should be increased to at least 50 per centum ad valorem.

Our reasons for recommending these changes are, briefly stated, as follows:

The importations of foreign brushes during the past eleven years have increased each year from \$745,267 (July 1, 1897, to July 1, 1898) to \$1,648,310 (July 1, 1907, to July 1, 1908).

The difference in wages to labor is so greatly in favor of the United States that a comparison seems ridiculous. For instance, employees in Japanese brush factories are paid an average of: Males, 50 cents per day; females, 15 cents per day; children, 5 cents per day.

Our cost of production is large owing to the fact that, in addition to paying the highest wages, we use (outside of bristles) materials which are made and produced in the United States, for which we pay regular market prices.

Schedule N, paragraph 411, of the present law gives the duty on bristles sorted, bunched, or prepared as $7\frac{1}{2}$ cents per pound. This should be entirely removed and bristles allowed to come in free of duty in order to allow us to compete with foreign nations, especially Japan, which does not pay any duty on bristles.

Trusting for favorable action in the matter, we remain,

Yours, very truly,

DIXON & RIPPET, *Manufacturers of Brushes.*

LANSINGBURG, N. Y., BRUSH MANUFACTURERS SUGGEST NEW CLASSIFICATIONS FOR BRUSHES AND BRISTLES.

LANSINGBURG, N. Y., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The undersigned manufacturers of brushes, in which of materials used bristles are the chief component part, and on which the duty of those imported is $7\frac{1}{2}$ cents per pound, would respectfully state that the hogs in our country being young and fat when slaughtered, their bristles are quite soft and short, and therefore of but little value as compared with the stiff and long bristles that are imported, and that probably not over 1 per cent of our American bristles are over 3 inches in length.

Crude bristles are in free list, No. 509, but scarcely any such are imported, as it is found best at about time of gathering to then sort the different colors and lengths and to bunch them by tying with twine or bark so as to tightly pack in casks.

We would, therefore, respectfully request that in the proposed revised tariff bill bristles read as per below:

Schedule N: Bristles, 3 inches and under in length, $7\frac{1}{2}$ cents per pound.

Free list: Bristles, over 3 inches in length.

E. & C. Wood Co., C. Wood, president; Greenburg & Morse; Wm. J. O'Brien Brush Co.; Empire Brush Co.; F. M. Hoyt & Bro.; O. Dennin's Sons; Monarch Brush Co.; A. L. Sonn Brush Co.; Hiack Bros.; John G. O'Bryan.

**THE BRUSMMAKERS' INTERNATIONAL UNION, WEST HOBOKEN,
N. J., ASKS RETENTION OF PRESENT DUTIES ON BRUSHES.**

WEST HOBOKEN, N. J., *December 4, 1908.*

COMMITTEE ON TARIFF REVISION.

DEAR HONORABLE SIRs: At a meeting of Local No. 2, Brushmakers' International Union, held on December 1, 1908, I was instructed to write to your honorable body in behalf of a body of men (between four and six thousand) who are employed in this country at the trade of making paint, varnish, artist, and what is know as "draw-work" brushes. Our trade exists from the fact that a protective tariff prevents foreign competition, and a reduction in the duties as they stand upon the statutes to-day would mean a speedy demoralization of our trade. As it is there is coming into our country to-day many styles of brushes which could be made here, but owing to the fact of the cheap labor in other countries we can not compete with them. So we petition your honorable body to continue the duty upon brushes as it stands to-day, and if we are permitted we would suggest that the duty on raw bristles be reduced, because of the fact that about nine and one-half tenths of the bristles used in this country in the making of brushes are imported from the other side, as the American bristles have not the qualifications that are required in the making of a brush to be used in paint, varnish, and artist work, and we would further suggest that if our petition be granted in regard to the aforesaid suggestion that such a reduction be added upon the duty of brushes, for by so doing the cost of brushes could be reduced without interfering with the cost of making them as far as the brush maker is concerned.

I am, respectfully,

PETER F. BISCHOFF,

Secretary Local No. 2, Brushmakers' International Union.

**COL. ALBERT CLARKE, BOSTON, MASS., SUBMITS ADDITIONAL
STATEMENT BY JOHN L. WHITING & SON COMPANY, BOSTON.**

BOSTON, *December 2, 1908.*

Col. ALBERT CLARKE.

Hotel Hamilton, Washington, D. C.

DEAR COLONEL: I told you when there that I had a clipping which referred to British Brush Association or combination. Inclosed please find same. Some of its purposes are contrary to our laws and could not be entertained here, but you will see that there is a close association there for specific purposes that are not in the interest of free competition. There is nothing of the kind in the United States. You will also notice that in Mr. Kent's letter he congratulates himself on the quantity of their brushes that they are selling in the United States, and well he may, for they sell large quantities of toilet brushes here, all of which ought to be made by American brush manufacturers.

I find also a clipping in reference to wages of English brush makers, which are much lower than they are in the United States, and even these low rates of wages are much higher than those paid

in France, while the Austrian wages and German wages are much lower than the French and English. The Japanese wages to brush workers are very much lower than in any other part of the world, and as you know, they are sending to the United States now something over 25 per cent of all of the imported brushes.

If you think it advisable to file this letter and clippings, please do so.

Very truly, yours,

LEW C. HILL.

EXHIBIT A.

[From Brooms, Brushes, and Handles, March, 1908.]

Members of the British brush trade have recently made a move in which this paper thinks American brush makers would do well to follow their example. This is in the formation of the British Brush Manufacturers' Association, which has been organized within the past few months. Ernest N. Kent, of the prominent London brush concern of G. B. Kent & Sons (Limited), is president of the new association, A. L. Burrow and R. W. Chase are vice-presidents, C. Hamilton Watkins is honorary treasurer, and T. M. Till, secretary.

Writing of the association under date January 31, Mr. Kent says:

EDITOR BROOMS, BRUSHES, AND HANDLES:

It will probably interest your readers to learn that an association has just been formed of the brush manufacturers of Great Britain and Ireland.

I inclose you the rules of the association, which explain themselves. These are the proposed rules as put before the meeting by a provisional committee appointed to draw them up, and they were carried as they stand with one slight alteration (which I have marked).

Although some time ago there was a society of master brush manufacturers in this country, it was chiefly composed of a few of the largest makers, and its objects were principally to deal with disputes with workmen. This old society ceased to exist, for the reason, I suppose, that over here the relations between masters and men in our trade are so amicable, and no meetings have been held for several years.

The new British Brush Manufacturers' Association has sprung into being from no thought whatever of coming trouble with workmen, for, to use the words of the King's speech (slightly altered), "Our relations with our employees continue to be friendly;" but you will observe from the "objects" of the association that there are other matters which might be discussed between masters for the benefit of all concerned.

If you have any such association of the trade on your side of the Atlantic, I should be very pleased to hear of it, and exchange notes at any time.

Your valuable paper, Brooms, Brushes, and Handles, comes regularly to hand each month, and is read with interest by yours truly. It is amusing to note how airily and breezily your manufacturers talk of their trade and their doings to your interviewers or correspondents. Here when we are booming we say "We mustn't complain" (and we sometimes say it when we are not). That is about as much as one brush maker hears of his friendly opponent's business.

If you would like to hear a word about the business of my company, G. B. Kent & Sons (Limited), I will tell you that 1907 has been kinder to us than three or four of its predecessors, and, in spite of a mild protection of only 40 per cent ad valorem, the demand for our excellent productions by your hospitable country shows a record during those twelve months.

In this respect, whether the palm goes to the excellence of the wares or to the push, grit, and business acumen of our very good friends, Messrs. McKesson

& Robbins, of New York, our sole agents, is a moot point—but we are both pleased.

Wishing your publication all success, I am, yours faithfully,

G. B. KENT & SONS (LIMITED).

ERNEST N. KENT,

President British Brush Manufacturers' Association.

The rules of the new association are here given, with the idea that they may be of interest to American brush manufacturers and may perhaps incline them to "go and do likewise." They are as below:

Name: The name of the association is "The British Brush Manufacturers' Association."

Offices: The offices for the business of the association shall be situated in London.

Objects: The objects for which the association are established are:

(a) To maintain in London an association of brush manufacturers, which will, as occasions arise, organize, promote, and deal with all matters in any way affecting the interests of the members of this association and the brush trade in general.

(b) To make and define rules and regulations, to obtain uniformity in wages and customs in the brush trade, and to establish just and equitable principles therein.

(c) To protect and safeguard the interests of the members of the association and trade generally upon such matters as disputes with workmen, selling prices, government and other contracts, insurances, legislation and arbitration, the standardization of weights, and the proper description and marking of goods.

(d) To establish a clearing house among members of the association for surplus raw materials.

(e) To collect information as to the credit and standing of the traders for the benefit of the members of the association and to assist them in the collection of accounts owing to them.

EXHIBIT B.

WAGES OF ENGLISH BRUSH MAKERS (AUGUST, 1907).

R. E. Graves, chief home office factory inspector at Birmingham, England, gave evidence before the parliamentary committee on home work, and in reference to the brush-making industry at Birmingham he said there had been a great increase in the use of machinery in this trade, and home work was decreasing. The only branch of the trade in which there was home work was that where pitch pans had to be used. The wiring was not done by hand. He considered this was a sweated trade, especially as regards the cheaper classes of brushes.^a The pay was at the rate of 5½ pence to 7 pence per 1,000 holes, and it took a worker four hours to do 1,000 holes. Most of the home workers in this trade were men. They had to buy their own materials, and the prices of these had gone up 40 or 50 per cent. In the French polishing a man could earn from 10 to 12 shillings per week.^b The prices of material in this trade had largely increased. He had been told of a case where a man and his wife earned 30 shillings (\$7.50) a week between them, and the man said that twenty years ago he could have earned that amount himself.

^a Wiring bristles into brushes in the United States costs three to four times prices named herein.

^b French polishing workers are paid in the United States \$18 and over per week.

The decrease in the wages was due, to some degree, to keener competition.

JOHN L. WHITING-J. J. ADAMS COMPANY.

BRIEF FILED BY E. B. & A. C. WHITING, BURLINGTON, VT., RELATIVE TO FOREIGN BRUSH STOCK COMPETITION.

WASHINGTON, D. C., *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN. Inclosed is a letter from E. B. & A. C. Whiting concerning brush stock, which contains information in addition to the statement which I presented at the hearing, together with a circular from Belgium indicating the competition which they receive from abroad. Mr. Whiting is entirely trustworthy, and I fully indorse his statements.

Very truly, yours,

ALBERT CLARKE.

DECEMBER 1, 1908.

Col. ALBERT CLARKE, *Washington, D. C.*

DEAR MR. CLARKE: I am glad to get yours of November 30. I appreciate that you have been busy, but as you wrote in a former letter of giving me pointers for a brief, and I did not hear anything from you, I was afraid you might have been taken sick and that the matter would go by default. Am glad to hear that you were in the harness, and fully realize that you must be pretty busy there during these hearings. I have not been able to find anything in the papers in regard to the action of the committee Saturday, at which time I inferred matters of interest, particularly to us, would be taken up, and I am glad to get your letter giving the information it does.

I am glad also to learn that there is a prospect of the brush makers getting relief by an increase of 10 per cent—from 40 to 50 per cent—duty. They need it.

Now, in regard to tampico, etc. The wording you give, "Tampico, dressed, assorted, colored, ready for the brush maker," would hardly cover the ground properly, as stock could be sent in partially manufactured, not ready for the brush. I have been looking over some foreign correspondence, and I herewith inclose a circular from H. Lecluyse, of Antwerp, dated the 31st of May, 1907, which will give you something of an idea of what we have to contend with. You will note that he does not quote bassine or Palmyra fiber, or Mexican fiber, raw. Probably he is not able to handle them in the crude state, to meet the American market. But, going farther on in his circular, you will see that he has Mexican fiber (that is, tampico in its different grades) and unions of tampico, bassine, etc., and the different bases all quoted. You will also note that his prices are per hundredweight (112 pounds), delivered c. i. f. American seaport. They are offering these goods lower now even than then, but they do not send us circulars, as they have got on to the fact that we are

competitors. So we only see these circulars once in a while through some of our brush-maker friends. Perhaps this circular may give the committee a better idea that dressed tampico is a manufactured article. There are infinite varieties and grades of it.

As shown in my former letter, these German and Belgium manufacturers, with their cheap labor, are putting these dressed stocks into this country more and more. Especially during the last year or two, when we have paid our labor more, has this trade grown, to our detriment. All of these mixtures of Mexican fiber and unions of tampico, bassine, etc., come into competition with us. We used to be able to get down somewhere near their prices, but since the advance in the cost of labor during the last two or three years we have found ourselves unable to compete with these people. The brush makers are getting more and more into the way of importing.

Now, as stated in my previous letter, I think these fibers should be enumerated, and I would suggest the following as covering the ground best: Istle, ixtle, tampico or Mexican fibers, bass, bassine, palmyra, and similar vegetable fibers, when they have been dyed, combed, cut up, mixed, or dressed in any manner, 45 per cent ad valorem.

Istle, ixtle, tampico or Mexican fiber are different names for practically one kind of fiber. Bass, bassine, palmyra, etc., are different names for another class of fiber, both used largely in brush manufacturing. There are a good many different kinds of basses used in the manufacture of brushes.

I should want this clause to cover pretty strongly the vegetable fibers which are prepared in any way beyond the crude state, because, as stated in a previous letter, of the danger of the Mexicans with their cheap labor putting this stock up more or less dressed.

Now, as to the percentage of duty. While formerly there was a good margin in the dressing of tampico, of late years the competition in this country has been so strong that it has been pretty close figuring, so that the price has kept down to a very narrow margin. The trade is limited. Several have tried it (dressing tampico) and failed, so that there are now only three or four manufacturers of vegetable fiber for the brush trade left in the business, and the only way we can get anything out of it is to do a big volume of business. Now, if our trade is cut into by foreign importations, we lose so much from the volume of business, which is a serious loss to us; and for this reason, for the good of our help as well as ourselves, we would like to see the duty as large as we can have it. We do not think 45 per cent is excessive, but if we can not get over 35 per cent we will have to take that, and it may be that it is best not to ask for over 35 per cent. You can better judge of the situation than we can, and I leave it with you. Simply get all you can, for we need it. Between the prison labor in our own country and the cheap and prison labor of Germany and Belgium we find the sledding very hard.

I hope you will do the best you can, and that your efforts will be crowned with success.

Thanking you in advance for your interest and kindness, I remain,

Very truly, yours,

E. B. & A. C. WHITING,
By A. C. WHITING.

ANTWERP, May 31, 1907.

Messrs. E. B. & A. C. WHITING,
Burlington.

DEAR SIRs: I have the favor to offer you to-day:

Bristle fiber, ordinary quality-----	\$4.50
Scraps (split bamboo):	
Natural-----	4.00
Dyed (brown color)-----	4.50
Mexican fibers, dressed:	
Jaumave, combed in pigtails—	
White-----	9.00
Black-----	10.00
Gray-----	10.50
Jaumave, single drafted—	
White-----	9.50
Black-----	10.50
Gray-----	11.00
Jaumave, double drafted—	
White-----	10.00
Black-----	11.00
Gray-----	11.50
Tampico, combed in pigtails—	
White-----	8.25
Black-----	9.25
Gray-----	9.75
Tampico, single drafted—	
White-----	8.75
Black-----	9.75
Gray-----	10.25
Tampico, double drafted—	
White-----	9.25
Black-----	10.25
Gray-----	10.75
Palma, combed in pigtails—	
White-----	8.50
Black-----	9.50
Gray-----	10.50
Patent fiber (glossfiber):	
Black-----	20.00
Gray-----	
Unions, tampico and bassine:	
Tampico white and 10 per cent bassine, undyed, combed in pigtails...	8.75
Tampico white and 20 per cent bassine, undyed, combed in pigtails...	
Tampico white and 30 per cent bassine, undyed, combed in pigtails...	
Tampico white and 40 per cent bassine, undyed, combed in pigtails...	
Tampico white and 50 per cent bassine, undyed, combed in pigtails...	
Tampico white and 10 per cent bassine, undyed, single drafted...	9.25
Tampico white and 20 per cent bassine, undyed, single drafted...	
Tampico white and 30 per cent bassine, undyed, single drafted...	
Tampico white and 40 per cent bassine, undyed, single drafted...	
Tampico white and 50 per cent bassine, undyed, single drafted...	
Tampico white and 10 per cent bassine, undyed, double drafted...	9.75
Tampico white and 20 per cent bassine, undyed, double drafted...	
Tampico white and 30 per cent bassine, undyed, double drafted...	
Tampico white and 40 per cent bassine, undyed, double drafted...	
Tampico white and 50 per cent bassine, undyed, double drafted...	
Tampico white and 10 per cent bassine, dyed black, combed in pigtails...	9.00
Tampico white and 20 per cent bassine, dyed black, combed in pigtails...	
Tampico white and 30 per cent bassine, dyed black, combed in pigtails...	
Tampico white and 40 per cent bassine, dyed black, combed in pigtails...	
Tampico white and 50 per cent bassine, dyed black, combed in pigtails...	

Unions, tampico and bassine—Continued.

Tampico white and 10 per cent bassine, dyed black, single drafted..	\$9.50
Tampico white and 20 per cent bassine, dyed black, single drafted..	
Tampico white and 30 per cent bassine, dyed black, single drafted..	
Tampico white and 40 per cent bassine, dyed black, single drafted..	
Tampico white and 50 per cent bassine, dyed black, single drafted..	10.00
Tampico white and 10 per cent bassine, dyed black, double drafted..	
Tampico white and 20 per cent bassine, dyed black, double drafted..	
Tampico white and 30 per cent bassine, dyed black, double drafted..	
Tampico white and 40 per cent bassine, dyed black, double drafted..	9.75
Tampico white and 50 per cent bassine, dyed black, double drafted..	
Tampico gray and 10 per cent bassine, undyed, combed in pig-tails..	
Tampico gray and 20 per cent bassine, undyed, combed in pig-tails..	
Tampico gray and 30 per cent bassine, undyed, combed in pig-tails..	10.25
Tampico gray and 40 per cent bassine, undyed, combed in pig-tails..	
Tampico gray and 50 per cent bassine, undyed, combed in pig-tails..	
Tampico gray and 10 per cent bassine, undyed, single drafted..	
Tampico gray and 20 per cent bassine, undyed, single drafted..	10.75
Tampico gray and 30 per cent bassine, undyed, single drafted..	
Tampico gray and 40 per cent bassine, undyed, single drafted..	
Tampico gray and 50 per cent bassine, undyed, single drafted..	
Tampico gray and 10 per cent bassine, undyed, double drafted..	10.00
Tampico gray and 20 per cent bassine, undyed, double drafted..	
Tampico gray and 30 per cent bassine, undyed, double drafted..	
Tampico gray and 40 per cent bassine, undyed, double drafted..	
Tampico gray and 50 per cent bassine, undyed, double drafted..	10.50
Tampico gray and 10 per cent bassine, dyed black, combed in pig-tails..	
Tampico gray and 20 per cent bassine, dyed black, combed in pig-tails..	
Tampico gray and 30 per cent bassine, dyed black, combed in pig-tails..	
Tampico gray and 40 per cent bassine, dyed black, combed in pig-tails..	11.00
Tampico gray and 50 per cent bassine, dyed black, combed in pig-tails..	
Tampico gray and 10 per cent bassine, dyed black, single drafted..	
Tampico gray and 20 per cent bassine, dyed black, single drafted..	
Tampico gray and 30 per cent bassine, dyed black, single drafted..	10.50
Tampico gray and 40 per cent bassine, dyed black, single drafted..	
Tampico gray and 50 per cent bassine, dyed black, single drafted..	
Tampico gray and 10 per cent bassine, dyed black, double drafted..	
Tampico gray and 20 per cent bassine, dyed black, double drafted..	11.00
Tampico gray and 30 per cent bassine, dyed black, double drafted..	
Tampico gray and 40 per cent bassine, dyed black, double drafted..	
Tampico gray and 50 per cent bassine, dyed black, double drafted..	

Bass and unions:

Bahia bass, dressed..	18.50
African bass, dressed..	8.50
Bassine, good current quality..	8.00
Three-fourths Bahia bass, one-fourth African bass..	14.50
One-half Bahia bass, one-half African bass..	12.50
Three-fourths Bahia bass, one-fourth bassine, good current..	14.40
One-half Bahia bass, one-half bassine, good current..	12.25
One-half Bahia bass, one-fourth African, one-fourth bassine, good current..	12.40
Three-fourths African bass, one-fourth bassine, good current..	8.35
One-half African bass, one-half bassine, good current..	8.25
One-fourth African bass, three-fourths bassine, good current..	8.15
Three-fourths bassine, good current; one fourth scraps, dyed..	6.40
One-half bassine, good current; one-half scraps, dyed..	6.40

Prices to be understood per hundredweight, or 112 pounds, c. i. f., American seaports.

Payment, cash; 1 per cent discount against documents.

Awaiting your esteemed orders, I remain, dear sirs,

Yours, truly,

H. LECLUYSE.

HANLON & GOODMAN COMPANY, NEW YORK CITY, ASK A 60 PER CENT DUTY ON BRUSHES AND FREE BRISTLES.

New York, November 30, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Referring to Schedule N, paragraphs 410 and 411, relating to the duty on bristles and brushes, we desire to call attention to the following facts regarding the brush industry of the United States:

First. There are between 4,000 and 5,000 men and women employed making brushes in the United States and between 500 and 1,000 making handles, ferrules, nails, tacks, and other materials used in the manufacture of brushes. Of this number, at least 60 per cent are engaged in making small and inexpensive brushes on which the labor and American material figures 80 per cent or more of the cost.

Second. In our factory the average wage of males is \$2.58 per day; females, \$1.23 per day. No child labor.

Japanese brush factory pays males 50 cents per day, females 15 cents per day, children 5 cents per day.

REPORT ON BRUSH MAKING IN GERMANY.

Brushes are made principally in the territory surrounding Chemnitz. About 50 per cent of the brushes are made in factories and an equal quantity made by the poorer classes in farmhouses and small homes in and around the city.

The plan generally followed is known as the factor system. Men calling themselves factors supply the home brush makers with a stock, such as bone, wooden parts, and bristles. After the brushes have been made from the raw material they are returned to the factor, who pays the maker for the labor.

Brush makers in Germany (Nuremberg, Brandenburg, Schonheide, and Todtman) earn 7 to 10 marks (\$1.68 to \$2.40) each per week. In some instances the earnings are as low as 4 to 5 marks (96 cents to \$1.20) or 5.76 marks (\$1.38), but such instances are rare.

Families compelling the children to assist them in the manufacture of brushes earn from 22 to 27 marks (\$4.28 to \$6.48) per week. Workers skilled in the manufacture of high-grade brushes earn as much as 30 marks (\$7.20) per week. (Extract from the Imperial German Labor Bulletin, February, 1906, p. 122.)

Third. The bristles used in these brushes are entirely foreign, as American bristles are not adapted for this class of work.

Under the present tariff (par. 411) the American brush manufacturer is obliged to pay $7\frac{1}{2}$ cents specific duty per pound. This amounts, on the $2\frac{1}{2}$ -inch Chinese bristles, to nearly 47 per cent; on $2\frac{1}{4}$ -inch, about 34 per cent; on 3-inch, nearly 27 per cent.

Fourth. The total importation of bristles from July 1, 1906, to July 1, 1907, was 3,433,941 pounds, of which 1,159,487 pounds were Chinese bristles, or about one-third of the entire importation.

Statistics show that from July 1, 1896, to July 1, 1897, only 108,335 pounds of Chinese bristles were imported, showing an increase of over 1,000,000 pounds in ten years.

Fifth. One-third of the Chinese bristles imported are 2½ inches in length, having an average value in China of 16 cents per pound, on which we are obliged to pay a duty equal to about 47 per cent.

Sixth. The manufactured brushes from which this size alone are made give employment to a large number of people, and the other lengths up to 4 inches a great many more.

Seventh. In 1890 Japan exported less than \$1,000 and in 1907 over \$400,000 worth of brushes to the United States, an increase of over 4,000 per cent in seventeen years, and they are just commencing to export paint and varnish brushes.

Eighth. The total importation of brushes, on which the duty is now 40 per cent ad valorem, was: July 1, 1897, to July 1, 1898, \$745,267; and July 1, 1907, to July 1, 1908, \$1,648,310—more than doubled in ten years, owing to free bristles and cheap labor enjoyed by foreign manufacturers.

Ninth. Reasons why American bristles require no protection: (1) In recent years the quantity of domestic bristles has gradually grown less and less, on account of the killing of the hog when it is very young. Before this it is fed up and fattened artificially, so as to make its flesh very tender. This of course does not permit its hair to grow either long or strong. It is consequently short and weak, measuring in the most cases from 1½ to 3 inches in length. Notwithstanding this, it has a merit of its own, presumably brought on by climatic conditions, which make the hair, in spite of its thinness, quite flexible and lively, and useful for valuable purposes on account of this particular distinction. In addition to this comes the important point, its lightness and weight.

Any bristle coming from abroad in the same length and quite as thin would be utterly useless for the same purpose. Consequently American bristles no longer require any protection, as they stand on their own merits and have no competitor, and will command the same price without a tariff as they do with one.

(2) The quantity of the American bristle, on account of the early killing process, has so diminished that the value of its whole product does not nearly amount to the duty paid on the imported bristle, and can not therefore be placed as a protection to a home-grown product. In reality it is to be classed only as a waste in the hog-killing industry, if you consider that the value of the bristles on each killed hog is only from 1 to 2 cents per head. Neither is it to be classed as an industry, for the number of hands employed in its preparation, dressing, etc., do not equal the number of hands employed in one brush factory of moderate size.

The revenue from bristles is of the most insignificant nature compared to other revenue-producing articles. Nevertheless the 7½ cents per pound specific duty is a great handicap in the brush industry of our country, and if it is to expand, bristles should be free and manufactured brushes be protected by a 60 per cent ad valorem duty to help place the American manufacturers on a footing with foreign ones exporting brushes into the United States.

In closing we beg to state we are a corporation, incorporated under the laws of the State of New York, and have no agreement with any competitor regarding the production of brushes or the prices at which

they shall be sold, and that we know of no such combination of manufacturers in the United States.

Respectfully submitted.

HANLON & GOODMAN COMPANY,
ERNEST B. WRIGHT, *President*.

BUTTON FORMS.

AMERICAN BRAID MANUFACTURERS ASK FOR HIGHER DUTY FOR BUTTON FORMS OF MOHAIR AND OTHER MATERIALS.

NEW YORK CITY, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Button forms: Lastings, mohair, cloth, silk, or other manufactures of cloth, woven or made in patterns of such size, shape, or form, or cut in such manner as to be fit for buttons exclusively, ten per centum ad valorem.

We recommend that this paragraph be stricken out. It permits the importation of the various manufactured articles therein enumerated at a very much lower rate than provided for in other schedules of this act for the same articles.

At the duty of 10 per cent ad valorem assessed in this paragraph it is impossible for the domestic manufacturer to compete with the foreign manufacturer of these articles, and not only deprives him of any protection whatsoever, but prohibitively discriminates against him by the duty which is imposed on the various yarns of which these articles are made.

Respectfully submitted by the braid manufacturers of the United States.

HENRY W. SCHLOSS, *President*.

CARTRIDGES.

THE UNION METALLIC CARTRIDGE COMPANY, BRIDGEPORT, CONN., STATES THAT THERE IS NO MONOPOLY IN THE MANU- FACTURE OF AMMUNITION.

BRIDGEPORT, CONN., *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

DEAR SIR: Our attention has just been called to extracts from a letter addressed to your committee by Messrs. Von Lengerke & Detmold, of New York City, upon the subject of what they claim to be excessive duties on ammunition and other goods in their line of business. The said letter contains so many incorrect and exaggerated statements that we desire to at once put before your committee the following facts:

1. Messrs. Von Lengerke & Detmold is a small firm doing a retail business in firearms, ammunition, sporting goods, fishing tackle.

cameras, etc. It has several foreign agencies for goods in its line and in self-interest is evidently desiring to increase its foreign connections and affiliations without regard to the effect of such desire upon a large and important American industry.

2. Present tariff duties on cartridges are not prohibitory, as shown by the yearly importation for the past five years, averaging from \$100,000 to \$150,000 per annum.

3. There is no monopoly in the manufacture or sale of American ammunition, neither is there any combination or association of manufacturers, and there has been no such association for a considerable period.

4. The Union Metallic Cartridge Company has no connection or moneyed interest whatsoever in the Winchester Repeating Arms Company, neither has it any connection or moneyed interest in any other manufactory of ammunition.

5. The Union Metallic Cartridge Company has no business relations or understandings with The Peters Cartridge Company, of Cincinnati, but on the contrary, The Peters Cartridge Company is an active competitor and is not obliged to conform to any fixed prices and terms, but, being strictly independent, markets its product at its own prices and upon its own terms.

6. There are at the present time in this country the following manufacturers of ammunition between whom, so far as we are informed, there exist no relations other than those of active competitors:

Winchester Repeating Arms Company, New Haven, Conn.; The Peters Cartridge Company, Cincinnati, Ohio; United States Cartridge Company, Lowell, Mass.; Western Cartridge Company, East Alton, Ill.; National Cartridge Company, St. Louis, Mo.; Robin Hood Cartridge Company, Swanton, Vt.; The Union Metallic Cartridge Company, Bridgeport, Conn.

The customers of The Union Metallic Cartridge Company are not required to sign agreements of any kind or character, neither have they been for a long period. The profit to merchants on this product is arranged by The Union Metallic Cartridge Company through the payment of reasonable commissions at stated periods, this being the popular and usual method of marketing trade-marked goods of various kinds, and the only method found whereby merchants are safeguarded against ruinous local competition.

7. The statement that The Union Metallic Cartridge Company and the Winchester Repeating Arms Company turn out more ammunition than all the ammunition manufacturers of England, Germany, and France is wholly incorrect.

8. The statement that American manufacturers of ammunition employ machinery equal in efficiency to that used in other countries is doubtless true, but it is also true that labor in the United States, which enters largely into the cost of the manufacture of ammunition, is better paid by at least 100 per cent than similar labor in Europe, resulting in the production of ammunition of the highest quality, but at correspondingly greater cost.

9. Foreign ammunition is sold in Europe, South and Central America, and other countries in quantities far greater than is American ammunition, the foreign product being manufactured at a much

less cost on account of cheaper materials of all kinds, especially lead, and of cheaper labor.

10. American ammunition is sold only in foreign countries where American firearms are used and where superior ammunition made expressly for them is appreciated, but invariably at much higher prices than ammunition made in Europe. This statement is proven by the value of American ammunition exported to foreign countries not exceeding in value from 5 to 8 per cent of that sold in this country.

11. Prices of American ammunition are not excessive; neither are they unduly enhanced because of the present tariff, which fact is well known by those most familiar with the line of manufacture. We know of no other line employing so large capital and skill where actual returns are less, without considering the not infrequent injury to life and property incident to the manufacture of explosives.

12. Ammunition manufactured by The Union Metallic Cartridge Company is sold to merchants in Canada, and has been for a long period, at exactly the same prices and upon the same terms as to merchants in the United States.

13. The reference made to special brands or trade-marked shotgun shells covers an item too insignificant to mention, except to say that the entire value of these goods has for many years averaged but a few hundred dollars.

14. We respectfully submit that any reduction whatsoever in the tariff on ammunition would very seriously injure American manufacturers of this commodity, and we express the hope that no change will be suggested by your committee without full investigation of what the result would be.

Yours, respectfully,

THE UNION METALLIC CARTRIDGE COMPANY,
WILLIAM J. BRUFF, *President*.

**THE UNITED STATES CARTRIDGE COMPANY, NEW YORK CITY,
STATES THAT IT SELLS ITS GOODS INDEPENDENTLY.**

NEW YORK, December 3, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

DEAR SIR: We understand that a letter has been presented to your committee by Messrs. Von Lengerke & Detmold, of this city, to the effect that we, as manufacturers, are in some way connected with or subservient to other manufacturers in this line, or to a so-called association, and that this is one of the arguments used for a reduction in the tariff on goods in this line.

We can simply say in regard to this matter that the United States Cartridge Company sell their goods independently and at prices that in many instances are more favorable to the purchaser than those of some other manufacturers.

The cartridge industry is an important one to those interested in it, although its volume is quite insignificant in comparison with many others. However, what business is done in this country in the ammunition line has been made possible only by means of a reasonable

tariff, which if reduced would certainly retard if not entirely destroy a business that has taken many years to build up.

It is our earnest hope, therefore, that your committee, in considering this subject, will not give undue importance to any of the statements made by Messrs. Von Lengerke & Detmold, which is a foreign firm, or rather is composed of Germans whose interests are proforeign, and who would evidently like nothing better than to see such reduction in the tariff as would enable them to import heavily in this line and become an important factor, which they are not at the present time.

Yours, truly,

UNITED STATES CARTRIDGE CO.,
U. T. HUNGERFORD, *Agent*.

**THE WINCHESTER REPEATING ARMS COMPANY, NEW HAVEN,
CONN., FILES STATEMENTS RELATIVE TO AMMUNITION.**

NEW HAVEN, CONN., *December 3, 1908.*

HON. SERENO E. PAYNE,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: We understand that request has been made on your committee for alteration of the present tariff on cartridges, and we would respectfully request, in view of what we believe to be the fairness of the present tariff schedule, that no change be made.

The foreign manufacturer of cartridges is in a far better position than the domestic manufacturer when the price at which he may obtain labor and material is considered, and in outlining the same we would respectfully submit the following, based upon \$100 worth (factory cost) of ammunition:

This \$100 may be resolved as follows: Labor, \$20; material, \$80, including lead (33 per cent), \$26.40; powder (30 per cent), \$24; copper (17 per cent), \$13.60; sundries (20 per cent), \$16.

Of these factors the continental manufacturer pays for labor 70 per cent less than the American manufacturer, or \$6; for lead, 30 per cent less than the American manufacturer, or \$18.48; for powder, 25 per cent less than the American manufacturer, or \$18. The other factors, copper and sundries, the continental manufacturer purchases on practically the same basis as the American manufacturer, viz, copper, \$13.60; sundries, \$16, making the cost to the continental manufacturer \$72.08. To the cost to the continental manufacturer add a profit of, say, 12½ per cent, \$9.01, and the present schedule duty of 35 per cent, \$28.38, making the cost of the goods, duty paid, in New York, \$109.47. To the American manufacturer's factory cost of \$100 add a profit, as above allowed the foreign manufacturer, of 12½ per cent, making the market cost \$112.50; this gives the continental manufacturer an advantage of \$3.03 over the American manufacturer, or a little over 2½ per cent on the present basis.

In the above the figures for labor are taken on the basis of operative labor wages in Berlin, the figures for lead from recent quotations (on this item the variation has even been far greater) for powder on the basis of black powder, with which the larger proportion of ammunition is loaded.

It might be argued that the basis is hardly fair in view of the fact that the foreign ammunition manufacturer does not take as much advantage of automatic labor-saving machinery as does the domestic manufacturer. This argument, while it might have held a few years ago will not hold to-day, and that the figures are not far incorrect is evidenced by the fact that the foreign manufacturer when he does come into this country is pleased to sell his goods on the same or lower basis than those of the domestic manufacturer, and is apparently satisfied with the profit which he so obtains. That more of these goods of foreign manufacture do not reach this market is a matter of continual surprise to us, and were it not for the general belief that American manufactures in these lines are superior to the foreign brands, we believe that larger importations would result even under the present schedules.

Very respectfully,

WINCHESTER REPEATING ARMS CO.,
WINCHESTER BENNETT,
Second Vice-President.

NEW HAVEN, CONN., *December 3, 1908.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: OUR attention has been called to a statement by Messrs. Von Lengerke & Detmold, of New York City, filed with you, we believe, on Saturday last, November 28, and in justice to ourselves we feel that we must bring to your attention some glaring inaccuracies in that statement, which was doubtless presented as the result of purely personal consideration on the part of Messrs. Von Lengerke & Detmold, who are agents for and whose business is chiefly in the sale of foreign materials, including ammunition and guns, and who in their own advertising (see copy of their advertisement on the rear cover of the Sportsman's Review, issue of August 8, 1908, inclosed) have publicly announced that they are the sole agents in this country for Mauser guns and pistols, Mannlicher guns and pistols, Francotte, and Knockabout guns. The first two of the items above mentioned are of German manufacture; the Francotte gun being, we believe, of French manufacture, and the Knockabout an English gun. These parties have never, even as retailers, done a large business in domestic goods, in spite of the fact that they, so far as this company is concerned, have received the best prices which we accord to any.

That the tariff duties on ammunition have practically prohibited its importation we rather doubt, as to a certain extent it is imported; and where so imported comes on the market at a price lower than that of domestic manufacture. The fact that it is not largely sold in this country can be readily explained by the general belief that but little ammunition of foreign manufacture is equal in quality to the regular domestic grades.

The Winchester Repeating Arms Company manufactures and distributes its products entirely independent of any corporation, firm, or individual, and we know of no such control or collusion as the statements of Von Lengerke & Detmold would indicate. We believe

there are in this country some eight factories manufacturing ammunition, four at least of which manufacture a very complete line of goods; and to the best of our knowledge these concerns are all manufacturing and marketing their goods independently of and without other than due competitive regard to each other. The goods of these various companies are, we believe, all sold by the respective companies at more or less different prices.

While the volume of goods marketed by this company is undoubtedly large, it has recently been pretty thoroughly demonstrated that it is small indeed as compared to the output of European factories; nor is it surprising, in view of the small amount of game remaining in continental Europe, that the output of the continental factories is comparatively larger in military ammunition than in sporting ammunition.

With the statement that labor-saving machinery used in the manufacture of cartridges is nowhere better or more complete than in this country we would willingly agree in general, although it is not always so, as is evidenced by the fact that the United States Government Arsenal at Frankford has recently gone abroad to purchase automatic machinery for loading ammunition; but the art of manufacturing ammunition is very thoroughly developed abroad, and in consequence of their cheaper labor costs (not 50 per cent of the labor cost in this country) the continental manufacturer has an advantage for which no amount of automatic machinery can entirely compensate.

That this country in some instances markets its goods in foreign countries at a lower price than they bring in this country is admitted. On the other hand, in many instances where our manufactures are fairly well known a larger price is demanded for them abroad than in this country; and where the export prices are lower than the domestic prices it can invariably be shown that it is to maintain our identity even at a loss in foreign markets, where, owing to foreign competition or unusual import duties, we would be completely shut out were we not to sacrifice our profit; and it must be borne in mind that the domestic manufacturer in preparing ammunition for foreign shipment takes advantage of the drawback customs arrangement and uses foreign lead, which, drawback being considered, can usually be purchased at 30 per cent below domestic lead.

Competition amongst American manufacturers in our lines is extremely keen, so keen that it renders it necessary that this company should not only employ a large force of salesmen and exploiters, but of necessity it must also expend large sums for advertising its product; and this condition is not peculiar to this company alone, but similar activity is noticeable among all the American manufacturers, between whom there is the stiffest and healthiest kind of competition.

As to the undue profit which it is claimed the American manufacturer has been making, it can be truthfully said that the net margin of profit so far as shot-shell ammunition is concerned has been for the past ten years less than 10 per cent; while if the whole line which they touch upon is considered (i. e., shot-shell ammunition, rifle ammunition, and arms), it can be authoritatively stated that the profits to this company for the past three years have been less than 15 per cent, and for the last year less than 10 per cent on net sales—which can not be regarded as excessive when the hazard in this line

is considered. From this it will be plain to see how seriously even the slightest reduction in tariff upon these lines would affect the business of this concern at least. This concern has employed for the past two years on an average of 5,500 people, who receive wages about double those paid abroad for similar employment.

As to the statement concerning the complainants' ability to purchase goods in Canada at prices lower than can be obtained in this country, we would state that our prices to Canadian customers are identical with those to our domestic trade, and the condition referred to, if the goods mentioned as purchased in Canada were similar in quality to those regularly on the market in this country, could not have obtained, so far as the manufactures of this company are concerned, at any rate, in the experience of the writer; nor do we believe that a similar purchase could be engineered to-day with regard to goods of any of the standard ammunition manufacturers of this country, who to the best of our knowledge and belief, like ourselves, make but one quality of their respective brands.

So far as the empty paper shot shells manufactured by this company are concerned, it can be shown that there has been no change in the price of the higher grade shells (those intended for use with heavy loads of smokeless powder) during the past six years, and the same is true of the intermediate grades (those intended for use with moderate loads of smokeless powder); while the grade of shells intended for use with black powder has not altered in price in more than eight years, notwithstanding greatly increased cost of labor and material during that period. While the complainants have not favored our company in recent years with their business in empty paper shot shells, they could have purchased such goods of our regular manufacture as they desired from this company at no greater price than we charged our other customers purchasing in similar quantity.

With regard to American arms being successfully sold in Europe in competition with European-made arms, we would call your attention to the fact that the arms manufactured by this company are marketed in Europe to but a limited extent, owing to the fact that the foreign market is flooded with lower priced arms, such as are now largely imported into this country. It is also a fact that no arms similar to those manufactured by us are made in Europe, which would undoubtedly account for our sales, as in many instances the lever-action form of repeating arm is preferred by the user to the military or so-called bolt system.

What the volume of the complainants' business in loading paper shot shells (this seems to be their chief cause for complaint) may have been we can not definitely state; but from our knowledge of the business it must have been comparatively small. This company is to-day loading over a million and a half rounds per day. That the complainants lost this business is hardly to be wondered at when it is considered that for their hand-loaded ammunition, put up in a shell identical to that regularly made by and placed upon the market by the manufacturer in loaded form—except possibly so far as the trade-mark is concerned—they attempted to obtain from \$4 to \$5 per hundred shells, while the larger regular American manufacturers placed these goods in the hands of the customer at from \$2.50 to \$2.75 per hundred. In the infancy of the shot shell loading business in this

country their customers discovered that identically the same goods, loaded with the same powders with equal accuracy, and perhaps of superior finish, could be obtained from the manufacturers at from one-half to two-thirds the price which they had been paying the complainants. Can it not be readily understood why they lost their trade, and did the condition which caused their loss of trade in any way work a hardship on the American public?

In closing, and to explain the chief cause of the complainants' position, we would again call your attention to the fact that they publicly announce that they are sole agents for a number of foreign manufacturers; and an examination of their stock would show that their other lines of goods of foreign manufacture are many and varied.

We believe it will be evident to you that the complainants' plea is not disinterested and is prompted by purely selfish motives.

Very respectfully,

WINCHESTER REPEATING ARMS CO.,
WINCHESTER BENNETT,
Second Vice-President.

EXHIBIT A.

[From Sportsmen's Review.]

Sole United States agents for the only genuine Mauser. Mauser automatic pistols, \$27.50 net. Has stood severe government test more successfully than any other self-loading arm. One hundred and twenty shots possible within one minute. Sighted to 1,000 yards, extreme range a mile. Mauser sporting rifles, 7 mm. and 8 mm., \$45 to \$50.

Sole United States agents for Francotte guns, from \$80 to \$450 net. Knockabout guns, \$60 net; with ejector, \$85 net.

United States agents: The Mannlicher Schoenauer featherweight sporting rifle, made in two calibers—6.5 m/m, 256 bore; 9 m/m, 355 bore. Price, 6.5 and 9 m/m without telescope, \$75; price, 6.5 and 9 m/m with telescope, \$125. Von Lengerke & Detmold, 349 Fifth avenue, near Thirty-fourth street, opposite the Waldorf-Astoria, New York City, N. Y.

CLAY TOBACCO PIPES.

CHAS. KURTH COMPANY, NEW YORK CITY, ASKS RETENTION OF PRESENT DUTY ON CLAY PIPES.

NEW YORK, November 24, 1908.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: We herewith enter our protest against any contemplated reductions in the rates on the articles which we manufacture, namely, clay pipes for smoking tobacco, and we advance the following arguments to support our protest:

The present rate of 15 cents per gross on clay pipes costing 40 cents or less per gross does not allow us to compete with the same articles of British, Dutch, and German manufacture, as the importers can undersell us to the extent of 10 cents per gross, which is a large

difference on an article selling at 55 to 60 cents per gross wholesale. We are therefore compelled to import such quantities of cheap pipes which we need for the wants of our trade in order to make good our claim that we carry in stock all kinds of clay pipes. If, therefore, we had protection to the extent of an extra 10 cents per gross, or an import rate of 25 cents per gross, we could make these cheap goods right here, employ American labor to make them, and pay American wages for the making without increasing the cost of the articles to the smoker, as these pipes would not retail for more than 1 cent apiece, anyway.

The present tariff rate on the better grades of pipes, 50 cents per gross and 25 per cent ad valorem, just allows us to compete with goods of British manufacture only for the reason that we produce with American union labor an article which, although more costly to the retailer, is better in quality and appearance than the imported, and also more durable.

In summing up we ask that the present rate of tariff on the better grades of clay pipes be maintained, and also ask you to consider an increase of 10 cents per gross in the rate of tariff on the cheap grades, and further offer for your consideration the following facts:

We employ about 50 hands in our factory.

We pay the highest rate of wages to our employees on piecework.

Our representative, Mr. Charles Kurth, will be in Washington on Friday and Saturday next to present our case to you in person, and will then be ready to give you any further detailed information which you ask for, providing you grant him the interview which we herewith request.

Respectfully submitted.

CHAS. KURTH CO.

CLAY TOBACCO PIPE MAKERS ASK AN INCREASE OF 10 CENTS PER GROSS ON THEIR PRODUCT.

BROOKLYN, N. Y., *December 5, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We wish to present to the Committee on Ways and Means a few facts of interest to us and relative to our industry in the United States. We have been employed as clay tobacco pipe makers for the last fifteen years and more, and are thoroughly familiar with all the modes of manufacture.

The imported article with which we compete is produced in Europe and Canada by machines, boys, girls, and women, who work for so little that the present rate of duty on imports is insufficient to reasonably protect our industry and offer a fair remuneration to clay tobacco pipe makers in the United States.

The machine-made pipes which are sold in this country are made in Scotland and are an inferior article and are entirely unsatisfactory to the home market, owing to the demand for hand-made pipes, which have many decided advantages and are much more expensive to produce than machine-made pipes. Therefore the foreign manufacturers

are using this country as a dumping ground for their cheap and inferior article.

At the Dingley tariff bill hearing we asked for a specific duty of 25 cents on all common tobacco pipes and pipe bowls made wholly of clay, but were not recognized, owing to a misunderstanding on the part of a manufacturer who represented our industry at that time.

Since the Dingley tariff went into effect our industry has gradually been increasing on the better class of goods. The European manufacturers, however, still hold the market in this country on the inferior class of goods, owing to the large quantity of machine-made pipes which are sent to this country, and which are, under the present rate of duty, more profitable to the dealer to handle, as they can be produced for considerably less money than any hand-made pipes made either at home or abroad, and because of the extra profit many pipe dealers in this country refuse to buy the American-made article.

We are positive from our long experience that the present rate of duty is not sufficient to better present conditions in our industry.

In advancing the rate of duty on common clay pipes 10 cents per gross the cost to the consumer will not be any greater than at present, as this small advance will not make the retail price any higher than 1 cent, the present price. In our opinion all common tobacco pipes and pipe bowls made wholly of clay, valued at not more than 40 cents per gross, should pay a duty of 25 cents per gross specific instead of 15 cents specific, and the full line of better goods which are at present dutiable at the rate of 50 cents per gross specific and 25 per cent ad valorem should be .50 cents per gross specific and 35 per cent ad valorem, which, if granted, would give the Clay Tobacco Pipe Makers' Union of America a fair remuneration for their labor.

Before the McKinley tariff went into effect our industry was protected by a duty of 35 per cent ad valorem.

The McKinley tariff made the duty 15 cents per gross specific.

The Wilson tariff reduced the duty to 10 per cent ad valorem, which forced hundreds of our workmen out of the industry.

The Dingley tariff put the duty back to the same rate of the McKinley tariff, namely, 15 cents per gross specific.

With all these changes not one manufacturer came to this country to start pipe making, although many small manufacturers came with that intention, but after becoming acquainted with conditions dropped the idea and went into other lines of business, which, gentlemen, is the best argument that our industry has never been sufficiently protected.

Respectfully,

JOHN W. THOMAS, *Secretary.*

**W. C. BANNERMAN AND WORKMEN, NEW YORK CITY, ALSO ASK
AN INCREASE OF 10 CENTS PER GROSS.**

NEW YORK CITY, December 1, 1908.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: I, as a manufacturer of clay pipes and employer of men in that business, knowing the keen competition from other countries abroad and the small wages our workmen make through the

cheap goods—i. e., pipes imported from Germany and Scotland under the present low tariff, namely, 15 cents per gross on common clay pipes, while we are paying our men 80 to 90 per cent more for making the same class of goods here; then, their wages are only \$8 to \$9 a week—I, with my employees, respectfully request that in the revision of the present tariff on common clay pipes you will so use your influence as to have the tariff raised to 25 cents per gross, specific duty. The advance we request of 10 cents more on the gross will not affect the price of the pipe to the smoker, as it is simply an increase of 10 cents on 144 pipes, but will enable us to pay better wages to our workmen; it will also enable us to employ a number of men who have gone out of the trade because of low wages and the high cost of living. All material used by us in the manufacture of clay smoking pipes is the product of this country.

For the above reasons we respectfully request that you will aid us in this matter.

Respectfully submitted, by W. C. Bannerman and employees.

W. C. BANNERMAN,
Tobacco Clay Pipe Manufacturer.

J. W. & J. T. SMITH, UNION HILL, N. J., URGE AN INCREASE IN DUTY ON CLAY PIPES.

UNION HILL, N. J., *December 7, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I am one of the clay-pipe manufacturers that would like to see the tariff advanced on clay pipes. We are compelled to compete against machine-made goods made in Scotland and also Germany. The cost to the consumer would be the same, and it would encourage the output to double what it is to-day in this country. It will encourage young men to learn this branch of business if we are protected. We would like to have an advance of 10 or 15 cents per gross.

Hoping this will meet with your approval, and that we may reach a satisfactory result, I am,

Yours, very respectfully,

J. W. SMITH.

COMPOSITION COUNTERS AND POKER CHIPS.

THE G. H. HARRIS COMPANY, BROOKLYN, N. Y., WISHES AN INCREASE OF DUTY ON COMPOSITION COUNTERS.

BROOKLYN, N. Y., *December 1, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: In acknowledging the receipt of your esteemed favor of November 29 we desire to lay before your honorable committee for its attention the necessity of placing a specific tariff upon what are now known as composition game counters, coming chiefly or wholly from Japan.

Our letter of the 27th ultimo explained the situation regarding the manufacture and importation of these game counters.

Our best advices on the subject from those resident in Japan, and from those who have lived there and understand the conditions, are to the effect that the same man who makes these game counters, under the same conditions and with the same tools and dies, receives in Japanese equivalent about 25 cents per diem and the hours of labor are far in excess of ours, our basis of labor being on that of nine hours, and the average earnings of the employees (males) is \$2.80 to \$3 per day. In addition to this labor, there are many female employees engaged in the finishing process.

The Japanese, as you are well aware, ship their goods entirely in subsidized steamship lines, getting a very low through rate to the various large cities of the country from their shipping points in Japan.

The raw materials entering into the manufacture of the composition game counters, where imported, come into this country as free raw materials; therefore the basis of duty to be computed should be the difference between the industrial conditions existing in Japan as against America, the mixing of these composition materials, commonly called "plastic or mineral composition," being an American idea, and the manufacture of game counters, or, as we call them, "poker chips," also being an American idea.

The investment of capital in ours and the other composition manufacturers of poker chips will amount to \$250,000 to \$300,000, on which at the present time there is absolutely no return by reason of the fact that the largest consumption of it being of the composition cheaper grades known as "plain, embossed, and fancy engraved," all of which are made in Japan, and their importations being large enough and their prices sufficiently below the American manufacturer to use up the consumption of these game counters, all of which would be used and bought here in this country if this competition did not exist under the present unclassified tariff.

In the humble opinion of the other manufacturers and ourselves the duty should lie between 50 and 60 per cent of the invoice value, in order to give the American manufacturer and the laborer that protection that he is entitled to, and will give him the business taken away from him by this Japanese importation; and will also give the manufacturer an opportunity to reemploy the large number of hands formerly employed in this industry, and in their train the large number of female employees.

We hope that your honorable committee will fully consider and weigh carefully the representations made by us, and that they will insert into their revised tariff, under the heading of "Miscellaneous manufactured articles," a paragraph on game counters largely composed of shellac and clays, commonly known as "plastic or mineral composition game counters," at a specified duty of 50 to 60 per cent.

We do not ask that the Japanese shall be barred from offering their goods in our market, but we wish a duty placed between the figures named, in order that there may be equality in the asking price of the American and Japanese manufacture.

Yours, very truly,

THE G. H. HARRIS COMPANY,
G. H. HARRIS, *Secretary*.

CORKS, CORK BARK, AND CORKSCREWS.

**CHARLES DE WITT & CO., BALTIMORE, MD., WRITE RELATIVE TO
PRICES OF CORKSCREWS FOR EXPORT.**

BALTIMORE, *December 2, 1908.*

Chairman PAYNE,

House Ways and Means Committee, Washington, D. C.

DEAR SIR: Cork bark for manufacturing purposes, which is now admitted free, should carry a duty, as all tapered corks made in Europe are practically excluded, owing to the duty of 23 cents per pound, hence the Government loses thereby; and straight or hand-cut corks now carry a duty of 25 cents per pound, and the only reason these are imported, is because some buyers prefer the Spanish hand-cut corks, which are not cut in America. What the Government should have would be more revenue on cork bark, or else admit tapered corks at 10 cents per pound duty instead of 25 cents.

We understand the tariff question, we think; the manufacturers here want high tariffs, the importers here want low tariffs, we don't care anything about the tariff, but what we are writing are the facts, and the writer, Charles De Witt, is willing to appear before the committee if requested to do so, and give any information that he can.

Apropos of steel wire, etc. We inclose a corkscrew. This corkscrew we are buying from the manufacturer whose invoice we inclose, and you will note that he charges us $8\frac{1}{2}$ cents per gross. We can buy the same corkscrew, made by the Rockwell Clough Company, of Alton, N. H., at $5\frac{1}{2}$ cents per gross for export only; that is to say the house of Geo. Borgfeldt & Co., New York (jobbers), offered these corkscrews at $5\frac{1}{2}$ cents per gross for export only, or 60 per cent less than home price of the trust, and these were made by the same firm, Rockwell Clough Company, of Alton, N. H. What we are giving you are facts, as you will notice by inclosures.

These corkscrews are sold in this country by the combine at $8\frac{1}{2}$ cents per gross and shipped abroad at $5\frac{1}{2}$ cents.

Please return inclosures.

Truly, yours,

CHARLES DE WITT & Co.,

Manufacturer and Dealer in Machine and Hand Cut Corks.

EXHIBIT A.

NEW YORK, *August 22, 1904.*

Memorandum of agreement made with Messrs. Charles De Witt & Co., of Baltimore, in regard to their order for 10,000 gross of wire corkscrews:

Messrs. Charles De Witt & Co. will either take delivery of 5,600 gross of corkscrews, subject to approval on the part of Mr. Semler, to be exported to Germany and imported again to Baltimore, at a price not exceeding $5\frac{1}{2}$ cents per gross, plus freight both ways, and, if necessary, an additional 5 per cent commission. In case this proposition is not accepted, Messrs. Charles De Witt & Co. to be indemnified to the amount \$100; the order to be off.

GEO. BORGFELDT & Co.

EXHIBIT B.

NEW YORK, August 3, 1904.

MESSRS. CHARLES DE WITT & Co.,
Baltimore, Md.

GENTLEMEN: We have your favor of July 29 inquiring about the delivery of the 10,000 gross of corkscrews.

We have communicated with the manufacturer by letter and wire and expect to be able to advise you in a day or two.

Yours, truly,

GEO. BORGFELDT & Co.

EXHIBIT C.

AUGUST 8, 1907.

Sold to Charles De Witt & Co., address, Baltimore, Md. Terms, ten days' sight draft. Shipped via Pennsylvania Railroad.

2,703 gross B. bronzed cork rings, \$0.08½----- \$229. 75

Completes order January 16, 1907.

C. T. WILLIAMSON, WIRE NOVELTY CO.

EXHIBIT D.

BALTIMORE, December 10, 1908.

MR. REINHARD SCHWABE,
Gerresheim bei Dusseldorf, Germany.

DEAR SIR: We thank you for yours of November 28, and, as you say, the import duty (which is entirely too excessive on these little corkscrews) would prevent anybody in this country from buying any abroad. Your price is all right of 5½ cents per gross, but if you will add about 60 per cent duty they would cost 8½ cents. The wire or steel trust here sell these corkscrews in this country to the consumer at 8½ cents per gross, and for export they meet your price of 5½ cents and ship goods from here to England; that is to say, they will sell their corkscrews in your country at your price, and in this country 60 per cent higher.

Our tariff committee is now working on this question, but we don't anticipate any relief on the tariff matter; and, looking at the matter pecuniarily, we care nothing about it. As we are both jobbers and importers, the tariff question doesn't bother us. If we manufactured goods here, we would want the tariff 100 per cent, so as to shut out competition. If we imported goods manufactured outside of this country, we would want the tariff lowered, so we could fill our pockets with money. And this tariff question, Mr. Schwabe, appears to be an individual, peculiar question. The view that we are giving you is unbiased; the masses and the farmers (and everything comes out of the ground) are slaughtered in this tariff question. Carnegie would never have given away libraries had tariff not been in his favor, and the writer voted for Mr. Taft.

Thanking you very much for the trouble you have taken, we remain,

Truly yours,

CHARLES DE WITT & Co.,
CHAS. DE WITT.

CORKS AND CORK BARK.

FERDINAND GUTMANN & CO., NEW YORK CITY, FILE SUPPLEMENTAL BRIEF RELATIVE TO CORKS.

NEW YORK, November 28, 1908.

HON. S. E. PAYNE,

Chairman House Committee on Ways and Means.

DEAR SIR: In the interest of the cork industry and in justice to all, I respectfully call your attention to the following conditions:

The tariff on manufactured corks is divided into four schedules.

The duty on corks cut into squares and cubes is 8 cents per pound, whereas the raw material is free of duty. There is so heavy a penalty on the mere cutting up of the bark into squares that no manufacturer in this country can profitably import them, as shown by the total imports for the year ending June 30, 1907, which amounted to \$133 in value, on which duty to the amount of \$17.36 was collected. This item, therefore, may safely be eliminated as anyone manufacturing corks in this country could not possibly pay such an impost and compete with the free raw material. The difference in labor for the mere cutting up of raw material between the cost of labor in Spain and the United States would not be more than half of the amount which the present tariff assesses as duty.

The second schedule is for corks three-fourths inch or less in diameter which pay 25 cents per pound duty. In the year ending June 30, 1907, the quantity imported was 91,591 pounds, with a value of \$54,413, on which duties to the extent of \$22,897 were levied, an average of 42 per cent ad valorem.

This heavy tax has operated to prohibit the importation of the cheap and medium grades of corks, commonly known as "tapered corks," of which very large quantities are consumed in this country and which, under the present tariff schedules, can not be imported because the tariff on some of the sizes and grades required run from 60 to 200 per cent ad valorem. The result has been that while the raw material is free of duty, the manufacturing of this class of corks has been confined to a large extent to one large factory, and as their product is turned out by automatic machinery, as compared with the hand labor in Europe, it can readily be seen that there could not possibly be any such difference between the cost of labor in this country and Europe as is represented by the tariff of from 60 to 200 per cent on these particular goods. The consequence has been that the imports in this schedule have been confined almost exclusively to the comparatively small requirements of such consumers as demand only the very highest grade of goods, which the American manufacturer, owing to the entirely automatic nature of his manufacturing, can not produce as against the hand labor of Europe.

The third item in the schedule is on corks over three-fourths inch in diameter, on which a duty of 15 cents per pound is imposed. This schedule showed imports of 2,186,088 pounds, valued at \$1,489,448, upon which duties amounting to \$327,913 were collected for the year ending June 30, 1907, showing an average of 22 per cent ad valorem. The high average price per pound of the imports in this schedule shows clearly that these imports were confined largely to the higher-

priced wine and whisky corks, as well as to cork disks or washers, which are used in large quantities in the manufacture of patent bottle stoppers used on all carbonated as well as still liquids, and which have in recent years become a household article and necessity.

The wine and whisky corks are being manufactured to a great extent in this country by machines, and again the same proposition confronts us as on the smaller tapered corks—that a large volume of business and large revenues are lost to the Government because the raw material is entered free. The goods are manufactured by machinery, although sold as hand-cut corks, and the product being marketed by practically one concern, the tariff affords them a protection which on the cheaper and medium grades varies from 60 to 100 per cent, which, considering the mechanical labor used in this country as against the hand labor in Europe, is clearly exorbitant.

The disks to which I have referred, and which are used in very large quantities, consumption of which will increase rather than diminish, are assessed at 15 cents per pound. It is clearly shown by the imports that the largest manufacturer in this country, and the one who controls practically the entire business in corks in the United States, is compelled to import these disks from Europe because of the fact that the mechanical labor which gives him the advantage on the wine and whisky corks and on the smaller taper corks can not possibly give him the advantage despite the high tariff that he secures in the other schedules. This is due to the fact that these washers are so thin that they must be specially well assorted to prevent the leakage of the liquid through the pores of the cork, and our American labor (girls in this instance) is too intelligent, too quick, too ambitious to be tied down to so tedious and so nerve-racking an industry as the sorting out by hand of the required quality that is demanded in this product.

A very pat illustration of this fact is one that I can cite from my own experience, in view of the fact that one of the firms which I represent in Europe of these very cork disks. In order to facilitate our business here we induced this manufacturer to establish a plant for us in this country, and just about a year ago they decided to make this attempt. They had the advantage of the best mechanical engineers who had installed their concededly perfect plant on the other side; they had the advantage of the head of the firm, who is one of the most capable manufacturers in Europe, and were very confident from investigations that we had made that the duty of 15 cents per pound was more than ample to cover the difference in cost of labor between this country and Europe. They gave the experiment a full year's trial, and after having, at a great cost, equipped a perfect plant in one of the largest floor spaces used for such purpose in this country, at the Bush Terminal factories, after having equipped it with the perfected machinery imported from the other side and the most approved electric motor power which could be secured in this country, they were compelled after one year's trial to dismantle this plant and go back to Europe because they found that the American labor could not be trained to do the very peculiar work which is required on this particular article.

The children from birth over there are trained in this industry, and from the time they toddle around they become accustomed to handling of corks. The sorting of these goods is so trying to the

untrained eye, and the labor in itself is so tedious that our experience is, of the labor we had engaged when our factory was first started here a year ago, there was 3 per cent left when the factory was finally dismantled; in other words, there had been such continuous changes that at the end of one year only 3 per cent of the original organization in that department remained. Our experience in Europe, on the other hand, shows that labor of this kind shows a 2 per cent loss at the end of the year; in other words, at the end of the same year in our European factory we had the same equipment of girls for this labor, with the exception of only 2 per cent, that we had at the beginning of the year.

Given all these elements, does it not seem futile to levy a tax of 15 cents per pound on a material which can not be produced in this country and the import of which could surely be increased if the duty were lowered?

I, therefore, am firmly of the opinion that the entire schedule with reference to corks could be reduced profitably to the Government, because it would increase imports in certain lines, whereas the American manufacturer could at the same time be amply protected by levying a duty of 10 cents per pound on corks three-fourths inch or less in diameter, and of 9 cents per pound on corks over three-fourths inch in diameter.

The only other item in this schedule is "other manufactures of cork," on which a duty of 25 per cent is levied in this schedule. The items are somewhat numerous, but there is one particular item which to my knowledge is not and can not be produced in this country, and that is cork paper in thin sheets, which is used to considerable extent, and the consumption of which could be materially increased if a reduction in duty were to prevail, and as there is no American manufacturer of this material that can claim that he is producing it, I believe it would be to the advantage of the Government to increase the import of this material, which I believe could be done largely if the duty were reduced to 15 per cent.

Respectfully submitted.

FERDINAND GUTMANN & Co.,
FERDINAND GUTMANN, *President*.

**THE CENTURY CORK COMPANY, NEW YORK CITY, ASK AN
INCREASE OF DUTY ON CORK DISKS OR WASHERS.**

NEW YORK, *December 2, 1908.*

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: Respecting the proposed revision of the tariff, we respectfully suggest that in the interest of domestic manufacturers of corks the duty on cork disks or washers such as are used for crown corks and similar stoppers, should be placed at not less than 25 cents per pound, instead of 15 cents per pound, as under the present tariff.

The making of such stoppers as we have referred to is practically a monopoly of one manufacturer in this country, whose supply of

such cork disks is secured from a factory operated entirely for the purpose of producing these cork disks for the manufacturing of the stoppers referred to. This factory, located in Spain, employs, we believe, a larger number of people in producing these cork disks than are employed in all of the cork factories of the United States combined, and the present duty is not sufficient to allow the domestic manufacturer to compete with these imported cork disks.

Crown corks have to a very great extent displaced the old-style cork stoppers formerly in use, and under present conditions the domestic manufacturer has not even the opportunity to supply the cork disks which are a part of the crown corks referred to.

Cork waste.—This material, which is a by-product accumulated in the manufacturing of cork stoppers, is used almost entirely in the manufacturing of linoleum, and because of the fact that it is admitted free of duty the domestic manufacturer can not secure the price to which he should be justly entitled for the cork waste which he accumulates in his manufacturing.

We respectfully point out to you the fact that, on an average, from 66 per cent to 75 per cent of the total amount of cork bark used in manufacturing in a cork factory becomes waste material, and must be disposed of by the manufacturer of corks to reasonably good advantage if he wishes to show any favorable results in the conduct of his business. In fact, we believe that all manufacturers of corks depend mainly on the sum which they realize for their cork waste to show any profit whatever in their manufacturing. We respectfully suggest that cork waste, which is accumulated in the manufacturing of corks, is not a raw material, but is really cork wood partly manufactured. This cork waste is ground into small particles in preparing it for use in the manufacturing of linoleum and similar products, whereas if the cork bark in the original form were used for the purpose it would be necessary to cut it into small pieces before it could be subjected to the grinding process. This we explain to confirm our contention that cork waste is a partly manufactured article of cork, and in justice to domestic manufacturers of corks who depend on the sale of their waste to conduct their business to advantage, we respectfully suggest that there should be a duty of not less than \$5 per ton on this material.

Respectfully submitted.

CENTURY CORK COMPANY,
OSCAR HEYMAN, *President*.

THE NATIONAL CORK COMPANY, BROOKLYN, N. Y., ASKS SPECIFIC DUTIES ON CORK SPECIALTIES.

BROOKLYN, N. Y., *December 2, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We beg your attention to our views on the question of tariff on cork manufactured and partly manufactured.

Under the present rate of duty the importation of corks has increased from \$463,740 in 1897 to \$1,704,030 in 1907, or an increase of 228 per cent, and equaling about one-third the total consumption in

this country, while the increase in cork bark or raw material during the same period was about \$1,000,000, or approximately 78 per cent increase.

A large percentage of the increased importation of manufactured corks is made up of cork disks or caps which can not be manufactured here at the cost of imported ones, as they are so thin and light (weighing about 11 gross to the pound) the present rate of duty is not sufficient to protect the home manufacturer, which is also the case with many other manufactured corks, as the wage scale in Spain is about one-fourth of the wages paid the cork workers in this country, and the competition among the manufacturers in this country, of whom there are about twenty, is very keen.

We beg to offer a list of our views on corks and respectfully advocate a change from ad valorem to specific duty on specialties such as seine corks, cork insoles, cork paper, life-preserver block, etc.:

	Per lb.
Corks over $\frac{3}{4}$ -inch diameter large end.....	\$0.15
Corks less than $\frac{3}{4}$ inch.....	.25
Cork bar cut into cubes or squares.....	.08
Life-preserver blocks.....	.014
Cork insoles.....	.05
Seine corks.....	.03
Pipe covering and insulating boards.....	.01
Ground cork.....	.004
Artificial cork.....	.06
Manufactures of artificial cork.....	.12
Cork paper.....	1.25
Cap corks or disks, all sizes.....	.25

Trusting you will give this your earnest consideration, we are,
Very truly, yours,

NATIONAL CORK COMPANY.
D. SUTHERLAND, JR.

**THE PADDOCK CORK COMPANY, BROOKLYN, N. Y., SUGGESTS A
SCHEDULE OF RATES FOR MANUFACTURES OF CORK.**

BROOKLYN, N. Y., *December 2, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We are greatly worried over the proposed revision of the tariff. A reduction of the present rate of duty would mean the destruction of the entire cork industry of this country and the throwing out of employment of many now engaged in the manufacture of corks.

The introduction of patented stopper devices has during the past ten years revolutionized the entire cork business. Ten years ago the average value per gross of production was between 35 cents and 40 cents. To-day it is not over 15 cents to 20 cents. This reduction of value is due to the universal adoption by the trade of the Crown, Phoenix, and other patented stoppers, and there is left at present for the American manufacturer to produce nothing practically but the so-called druggists' or tapered corks, cork disks, and cork specialties.

During this period, in which the value of the finished product has been more than cut in half, the wages to the operators have increased from 25 per cent to 35 per cent, male operators receiving to-day from \$12 to \$15 per week, as against \$9 to \$12 per week ten years ago; girl operators, sorters, from \$5 to \$8 per week, as against \$4.50 to \$6 per week in 1897; tapering machine feeders, from \$4.50 to \$5, as against \$3 in 1897. Thus the actual cost of production is more than doubled.

The European manufacturers have the advantage over us in many ways, owing to cheap labor, in some instances one day's pay of our average wage being equal to two or three days' pay in Europe. They can make many of the smaller-sized tapered corks out of scrap, material that it would not pay us to manufacture. Besides, by the introduction of cork-cutting machinery, they are enabled to secure the same daily production per man as in this country.

Ocean freights are also a great handicap. The foreign manufacturer only has to pay on the finished product, while we have to pay on the raw material, from two-thirds to three-fourths of which is cork chips, shavings, and scrap, formerly called "waste," which has a value of about only 1 cent a pound.

The present rate of duty only equalized, approximately, the difference in labor cost as it was at the time the Dingley tariff was adopted. It is insufficient to-day.

We ask, therefore, that at least on the kind of cork and manufactures of cork on which the present duty is so low as to allow yearly increasing quantities to be imported, a sufficient advance be made to overcome this anomaly. We suggest that a specific duty be adopted throughout to prevent fraud and undervaluation.

	Per pound.
Cork disks	\$0. 25
We suggest that these disks be classified separately as corks, as they have taken the place of corks, and are being used as such. They can not at present be manufactured in this country in competition with the foreign article. If they could, it would procure profitable employment for thousands of American workmen.	
Manufactured corks, over three-fourths of an inch in diameter, measured at larger end .....	. 15
Manufactured corks, three-quarters of an inch and less in diameter, measured at larger end .....	. 25
Cork bark, cut into squares or quarters, formerly called cubes .....	. 03
Cork paper or split cork, thinner than 100 to the inch	1. 25
Granulated cork .....	. 00½
Cork chips, shavings, or scrap, formerly called "waste" .....	. 00¼

Years ago this was really waste. To-day it is gathered by specially made machinery, kept scrupulously clean, separated from all foreign material and large pieces, entailing much labor and expense in order to keep it properly prepared for the manufacture of linoleum, cork insulation, etc., etc.

We ask that the above schedule of rates be adopted. They are but sufficient to equalize the difference between foreign and domestic labor. We also ask your serious consideration for a duty on cork scrap (waste). Formerly it was not considered of great value—to-day it is the principal source of income, with some factories its value exceeds their net income.

Very respectfully,

PADDOCK CORK CO.
J. T. DINGEE, *President.*

**PHILADELPHIA CORK MANUFACTURERS URGE RETENTION OF
PRESENT DUTIES ON MANUFACTURED CORKS.**

PHILADELPHIA, PA., *November 30, 1908.*

WAYS AND MEANS COMMITTEE,

Washington, D. C.

SIRS: As cork manufacturers, of Philadelphia, we earnestly appeal to you for the retention of the present duties on manufactured corks. Our reason for this is that the present tariff on manufactured corks is not higher than necessary to protect the industry in the United States. We give as evidence of this the statistics showing the increase of the value of the importations of manufactured corks since the enactment of this law, together with the value of importations of unmanufactured cork bark. The first year after the present act became law the importations of unmanufactured bark amounted to \$1,323,408, and of manufactured corks \$463,740.23; whereas in 1907 the value of the importations of unmanufactured cork bark was \$2,358,873, an increase less than 80 per cent, and in the same year the value of the importations of manufactured corks was \$1,704,030, an increase of almost 200 per cent. The total importations we estimate at about 35 per cent of the consumption in the United States. Spain levies a duty of half a cent per pound on unmanufactured cork bark. The weekly wages paid cork workers in the United States averages about four times as much as is paid for the same labor in Spain and Portugal. Owing to this difference we are unable to compete with foreign manufacturers anywhere except in the United States, and could not do so successfully here without protection. Our business being confined entirely to the United States, the competition among American manufacturers is such that there has been a steady decline in the selling prices, not excepting the year 1907, and are lower now than they were in 1897. The total output of corks is distributed in small quantities throughout the United States.

We estimate that about 5,000 people are employed in this industry in the United States, and a change in the duty would undoubtedly necessitate an adjustment of wages to suit the conditions, as the returns now to the manufacturer on the capital invested are not by any means large; and in order that the present scale of wages paid American cork workers be maintained and a fair return on the money invested by the manufacturer may be had, we urge upon you the importance of the retention of the present duties on all kinds of manufactured corks.

Respectfully submitted.

JUSTUS BRAUER & SON, (INC.).
J. GEO. BRUECKMANN & SON.
ALFRED L. BUTZ.
A. F. STROY & CO.

**THE CHICAGO (ILL.) CORK WORKS COMPANY PROTESTS AGAINST
ANY REDUCTION IN DUTY ON CORKS.**

CHICAGO, *December 2, 1908.*

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: Being unable to appear personally at the hearing allowed persons interested in articles shown in schedule N of the

tariff act of 1897, we desire to enter our protest against any reduced rate of duty on corks as contained in paragraph 416.

According to our best judgment, the existing duties are not higher than necessary to protect the American manufacturers and employees against the foreign competition we are compelled to meet. Our material comes mostly from Spain and Portugal, where the wages paid working people are about one-third or less than paid same class of workers in this country.

It may be of interest to you to know the wages paid cork workers in Chicago, viz:

Men:		
Cork-bark sorters.....	\$13 to \$14	
Blockers.....	12 to 13	
Slicers.....	11 to 12	
Women sorters.....	5 to 8	

We trust you will see the necessity of allowing the present tariff on corks to remain as it is.

Yours, very truly,

CHICAGO CORK WORKS COMPANY,
S. D. SIMPSON, *President*.

THE INTERNATIONAL CORK COMPANY, BROOKLYN, N. Y., THINKS AN INCREASE RATHER THAN A DECREASE OF DUTY IS NECESSARY.

BROOKLYN, N. Y., *December 3, 1908.*

HON. SERENO E. PAYNE.

Chairman Committee on Ways and Means.

Washington, D. C.

HONORABLE SIR: We are informed that an attempt is being made to reduce the present tariff rates on corks and cork products, and we ask that you consider our side of the case before making or advocating a change which means so much to all American manufacturers of corks.

When the facts are considered, we are confident that you will undoubtedly decide that, if anything, there should be an increase in many cases. Allow us to submit the following brief review of conditions in our business:

CORK-BARK SQUARES OR CUBES—MANUFACTURED CORKS THREE-FOURTHS INCH OR LESS IN DIAMETER OF LARGE END—MANUFACTURED CORKS LARGER THAN THREE-FOURTHS INCH IN DIAMETER OF LARGE END—CORK DISKS ONE-EIGHTH INCH OR LESS IN THICKNESS.

The present duty on the above is barely sufficient to protect American manufacturers, and any decrease will make it impossible for manufacturers in this country to compete with the imported corks. However, we think no increase of duty necessary with any of the above, excepting the cork disks referred to above.

These cork disks, used in connection with a tin cap or shell, have taken the place of ordinary corks to a very large extent. The change has come about since the last revision of the tariff. It is an entirely new condition, which explains why these cork disks were never before given serious consideration.

Statistics will show that enormous quantities of these cork disks are imported—in fact, practically all that are used in this country.

Although these cork disks are large in diameter, about $1\frac{1}{4}$ inches, they are very thin, and therefore light in weight. They rightly belong in the class with ordinary bottle corks of three-fourths inch and less in diameter. In order to protect the American manufacturers, as was originally intended, they should be listed separately and charged at 25 cents per pound.

CORK WASTE.

On account of the changed conditions forcing American manufacturers of corks to devote their energies almost exclusively to the manufacture of corks of the smaller sizes, which have a very small value, the manufacturer looks to the sale of his cork waste almost exclusively for his profits. In manufacturing corks from 60 to 70 per cent of the cork bark is "waste," so you can readily understand the importance of this matter to a manufacturer. Cork waste is now free and can be imported to such advantage that the value of domestic waste is continually decreasing. In order to adequately protect the cork manufacturing industry in this country a sufficient duty should be placed on imported cork waste to allow manufacturers here to dispose of their waste at the same price as formerly. A charge of \$5 per gross ton would be enough.

ARTIFICIAL CORK AND PRODUCTS—CORK PAPER AND SPLIT CORK—CORK FLOATS FOR NETS—CORK INSOLES—CORK FOR LIFE-PRESERVERS AND LIFE BUOYS.

We do not manufacture any of the above articles, known in the trade as "cork specialties." We can only say that on investigation with a view to manufacturing some of these cork products we find that the importation of all these articles, especially cork paper, cork insoles, and life-preserver blocks, is continually increasing and that it is practically impossible for American manufacturers to compete. We therefore advocate an increase in the tariff on all these articles.

All the above is respectfully submitted in full confidence that it will have your best attention, for which we thank you.

Yours, most respectfully,

INTERNATIONAL CORK COMPANY.

JOHN ALBERTI, *Secretary and Treasurer.*

GEORGE W. LEE, PEABODY, MASS., OPPOSES INCREASE OF DUTY ON CUT CORK SOLES.

PEABODY, MASS., *December 2, 1908.*

COMMITTEE ON WAYS AND MEANS.

GENTLEMEN: We are advised that there is before you a petition from the Armstrong Cork Company relative to the duty on cut cork soles, in which they make the claim that the duty of 25 per cent ad

valorem on a price of 88 cents per gross is not sufficient, and urging the placing of a specific duty of 8 cents per pound on same, and we would like to present for your consideration a few facts of interest having a bearing on the question. We are, to my best knowledge and belief, the only competitor of the Armstrong Cork Company in this line, and we formerly cut our own cork wood. A few years ago, with no solicitation on our part, we were offered imported cut soles at 88 cents per gross, which offer, after due consideration, we accepted. This price we consider equitable and think that the Armstrong Cork Company must have so considered it, as they also bought largely at this price, and discontinued, we presume, because they, with their larger facility, cut them cheaper.

Now, in view of the fact that we are to-day the only users of these soles, and that the imposing of this excessive duty would leave the Armstrong Cork Company a monopoly, we think that you will agree with us that the present duty is sufficient for the protection of an industry of the size of the Armstrong Cork Company, which has long since passed its infancy.

Yours, respectfully

GEORGE W. LEE.

JOSE TORRES, NEW YORK CITY, FILES SUPPLEMENTAL STATEMENTS RELATIVE TO CORK SOLES.

NEW YORK, *December 2, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The Armstrong Cork Company has made a petition to your committee that all cork articles paying now ad valorem duties to make them pay specific duties. I am in perfect accord with the Armstrong Company, provided the new duties will be the equivalent of the duties in force now.

The cost in Spain of cork soles as presented by the Armstrong Cork Company is erroneous, as your committee will find out by the inclosed certified invoices. Notice that the soles I import are consigned goods and are sold here at exactly the same prices specified in the consular invoices, as per the sworn statement inclosed of George W. Lee, of Peabody, Mass., the only customer I sell these goods in this country.

The average weight of cork soles as imported is of $5\frac{1}{2}$ pounds per 1 dozen pairs at the rate of 25 per cent ad valorem. They pay about 21 cents duty per dozen pairs. If you put the duties 8 cents per pound, as requested by the Armstrong Cork Company, they will pay 44 cents per dozen pairs. That is more than double of what they pay now. This rate of duties will be prohibitory and the Government will derive no more revenue from these goods.

These cork soles are used by poor people, who will have to stand the raise in price. The equivalent duties should be 4 cents per pound instead of 8 cents, or else no more cork soles will be imported into this country.

Yours, very truly,

JOSE TORRES.

EXHIBIT A.

PEABODY, MASS., *December 2, 1908.*

Mr. JOSE TORRES.

DEAR SIR: In answering your letter of November 30, 1908, this is to certify that I have been for several years and am still buying cut-cork soles from Jose Torres, importing the same from Europe, paying 88 cents for men's sizes and 82 for women's sizes, subject to 25 per cent ad valorem duty, and that any increase of duty would practically drive me from business, as the Armstrong Cork Company are reputed to control the corkwood trade, which would prevent the cutting to advantage. In this country men's sizes are sold mostly, about nine-tenths men's to one-tenth women's sizes we import.

Yours, truly,

GEO. W. LEE.

NEW YORK, *December 3, 1908.*

Hon. S. W. McCALL, M. C.,

Washington, D. C.

MY DEAR SIR: I address you this correspondence because I have faith that you will do your best to do justice to a citizen of your State. I can furnish you, if desired, with consular invoices dating back to 1900. Mr. George W. Lee can not manufacture the prime article in this country, because he is not engaged in the cork business in general, and can not compete in any way with the powerful cork trust wearing the name of Armstrong Cork Company.

I trust you will remember, when this case comes up, to call the attention of your committee to the injustice of raising the duties over the ones of the present tariff, remembering that Armstrong figures are entirely wrong, as proven by my consular invoices, filed with committee.

The Armstrong Cork Company have a factory in Spain and import their own goods. They can put prices to suit themselves and deceive your committee. Their importations of cork soles have been very small.

Yours, truly,

JOSE TORRES.

NEW YORK, *December 15, 1908.*

WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: The brief submitted by the Armstrong Cork Company, which appears in your records, dated November 28, 1908, is full of errors which the writer wants to correct. The wages paid to the cork workers, which the Armstrong Cork Company claims are paid in the United States and Spain, are entirely unreliable, and I

herewith give you a table, and your committee can ascertain whether I or the Armstrong Cork Company is correct:

Weekly wages paid cork workers.

	United States.	Spain.
Men:		
Cork-bark sorters.....	\$12.00 to \$15.00	\$5.50 to \$6.00
Slicers.....	9.00 to 11.00	2.50 to 4.00
Blockers.....	10.00 to 12.00	4.00 and 5.00
Boys.....	5.00 to 6.00	(a)
Women:		
Machine operators.....	4.00 to 5.00	2.50 to 3.00
Sorters.....	6.00 to 7.00	2.40
Packers.....	5.00 to 6.00	4.50 to 5.00

^a Hardly any employed.

The Armstrong Cork Company gave your committee the wages paid in Seville, Spain, where they have their own factory. To commence with, Seville is not a manufacturing center, and your committee can easily find out that 95 per cent of the corks imported in this country come from Cataluna, where the cork industry is situated. The writer can appear to your committee and swear to the above facts. He can also give you sworn affidavits from any amount of cork factories in Spain.

The writer is the largest importer of corks from Spain outside of the Crown Cork and Seal Company, of Baltimore. He operates one factory in Palafrugell, Spain, and one in Brooklyn, N. Y.; therefore he ought to know what he is talking about. The cork industry in this country is twice as much protected as it ought to be, and if the manufacturers of corks do not make money it is on account of the great competition they make each other, and it is especially due to the cork trust trying to put their competitors out of the market.

If your committee, to satisfy the Armstrong Cork Company, change the schedule of corks and specialties in any way, shape, or manner, the Government will collect no revenue hereafter from corks or articles made out of cork wood, and the consumer will be at the mercy of the cork trust.

Yours, very truly,

JOSE TORRES.

THE NEWARK (N. J.) CORK WORKS WISHES AN INCREASE OF DUTY ON CORK WASHERS AND CORK DISKS.

NEWARK, N. J., *December 12, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR MR. CHAIRMAN: We are informed that it is the intention of the legislature, at its next session, to revise the tariff on some manufactured articles of cork, also cork chips and shavings.

As we represent a fair percentage of the industry in the United States depending upon a home market for our goods, we respectfully submit herewith for your consideration a few suggestions and recom-

mendations for the protection of the cork manufacturers of the United States.

We respectfully request you to favorably report on an increase from the present rate of 15 cents per pound to 25 cents per pound duty on cork washers and cork disks. Our reason for asking this increase of 10 cents per pound is, at the present low rate we are unable to manufacture disks and washers and meet foreign competition: consequently we lose most of the business in this line which represents thousands of dollars per year to the manufacturers of the United States. With the increased duty we will be able to successfully meet this competition.

We also recommend that cork chips and shavings be removed from the free list, and a duty of \$5 per ton placed thereon. Manufacturers of corks are dependent upon disposing of this branch of their business, which represents a great portion of the cork industry, and at best this is not a lucrative one.

We trust that you will recommend this and make it dutiable as per figure asked, and we know it will be a great benefit to us all.

The present duty on manufactured corks for stopper purposes is satisfactory, and we do not recommend any change. In requesting these changes, we do so for the protection and interest of the cork manufacturers of the United States.

Trusting you will report favorably on the above recommendations and requests, we are,

Yours, very respectfully,

THE NEWARK CORK WORKS (INC.).
E. C. BROWNING.

THE R. W. M'CREADY CORK COMPANY, CHICAGO, ILL., ASK PROTECTION FROM SPANISH AND PORTUGUESE LABOR.

CHICAGO, December 8, 1908.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: We wish to enter our protest against the reduction in duty on corks, Schedule N, paragraph 416. If there is any change at all it should be higher and not lower.

To prove which you need not take ours, or any other manufacturer's word for it on the one hand, or the importer's on the other.

All cork, whether manufactured or unmanufactured, used in this country is imported, therefore the government statistics on the article referred to will show whether the present rate is too high or too low.

In 1897, when the present act went into effect, the importations were, in round numbers:

Cork unmanufactured.....	\$1,325,000
Cork manufactured.....	465,000

In 1907 importations were:

Cork unmanufactured.....	\$2,360,000
Cork manufactured.....	1,700,000

The above figures show that unmanufactured increased only 78 per cent, while the manufactured increased 265 per cent. It also shows that in 1897 the proportions were to the whole, unmanufactured, 74 per cent; manufactured, 26 per cent; while the year 1907 shows the proportions to the whole were, unmanufactured, 58.2 per cent; manufactured, 41.8 per cent.

Now, we submit that these figures are conclusive in themselves and need no argument. They show that we need a higher and not a lower schedule. It is impossible for us to compete with the Spanish and Portugese, who work for about one-fourth of our wage and longer hours at that.

Respectfully submitted.

THE R. W. MCCREADY CORK CO.,
E. W. MCCREADY.

**THE STANDARD CORK COMPANY, CHICAGO, ILL., ASKS THAT
THERE BE NO REDUCTION IN DUTY ON CORKS.**

CHICAGO, *December 4, 1908.*

WAYS AND MEANS COMMITTEE OF THE
HOUSE OF REPRESENTATIVES,
Washington, D. C.

GENTLEMEN: Understanding there is to be a public hearing allowing persons interested in the several articles shown by Schedule N of the tariff act, 1897, and being unable to appear personally at such a hearing, we desire to enter our protest against a reduced rate of duty on corks, contained in paragraph 416.

It is our best judgment that the existing duties are not higher than necessary to protect the American manufacturer and employee against the foreign competition which we are daily meeting. Our material comes almost entirely from Spain and Portugal, where you well know the wages paid to working people are about one-third or less than paid to same class of workers in this country, which run about as follows: Cork sorters, \$12.50 to \$15; blockers, \$11 to \$13; slicers, \$10.50 to \$12; women, \$4.50 to \$8.

We trust you will see the necessity for allowing the present tariff on corks to remain as it is, for we can honestly say that if the duty be reduced we, for one, will be compelled to retire from business.

Yours, respectfully,

STANDARD CORK CO.,
A. W. RIETZ, *President.*

DRESSED DOLLS.

**KAHN & MOSSBACHER, NEW YORK CITY, ASK AN INCREASE OF
DUTY ON DRESSED DOLLS AND SIMILAR ARTICLES.**

NEW YORK, *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We are doll outfitters. This industry, though in its infancy only, is a steady and growing one, and is encouraged by the American merchant.

Speaking of ourselves, we employ between 25 and 35 people in our place of business, and about 300 in their homes, such as house-

wives and persons who are physically unable to work elsewhere. These people do all our hand crocheting, and though not all of them depend on this for their subsistence, we can safely say that the majority of them do.

Referring to the manufacture of dolls' dresses. Most of these dresses are made of fabrics, such as laces and embroideries, material on which 60 per cent duty has been paid, and as we employ experienced help, and are paying good wages for such, it is impossible for us to compete with the foreign market.

Only a small percentage of the trade that are using this class of merchandise are buying same in the home market, and even these import most of their dolls already dressed, whereas others, not only import dressed dolls but also complete sets of outfits for same, on all of which the present duty is 35 per cent.

The writer, who is traveling, selling our product, has convinced himself that some outfits, of which we are the originators as to style and certain marks protected by patent rights of the United States Patent Office, have been imitated by foreign manufacturers and imported at a price much lower than we can produce same, although we do not claim that our trade-mark appears thereon.

The trade in the American market, as well as Canadian, prefer our goods to the foreign product (ours being of better make and improved in every detail). They are encouraging our efforts and are willing to help sustain and support this industry at home, were it not for the difference of cost to them, which we maintain is caused by the difference of cost in production, mainly due to their using material less the 60 per cent duty, as well as cheap labor.

We therefore ask that an increase of duty be attached to this class of merchandise: Dressed dolls, jointed toy animals, and outfits of every description suitable for dressing dolls and jointed toy animals. We would further advise that no increase of duty be attached to undressed dolls, as there is no such industry of this particular kind in the United States at the present time. The only doll being manufactured in America is a rag or rubber doll.

Feeling confident of your worthy support, we have taken the liberty of laying this appeal before you.

To conclude, we will be only too willing to submit samples of our product and further arguments to aid in sustaining this, our claim and contention.

Trusting that this will receive your kind consideration, and thanking you in advance, I am,

Very respectfully,

M. L. KAHN.

*Member of the firm of
Kahn & Mossbacher, Doll Outfitters.*

EMERY AND EMERY WHEELS.

NORTON COMPANY, WORCESTER, MASS., REGISTERS ITS APPROVAL OF A MAXIMUM AND MINIMUM TARIFF.

WORCESTER, MASS., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The present rate of duty on emery grains and emery manufactured, ground, pulverized, or refined is 1 cent per pound.

Emery ore or rock as it is taken from the ground is on the free list. The duty of 1 cent per pound applies to emery or corundum manufactured, ground, pulverized, or refined. These processes consist in crushing the rock, washing same, sometimes roasting it with the object of removing the impurities, and finally grading it through sieves into uniform sizes, so that it is ready for use in loose grain grinding or for the manufacture of grinding wheels, stones, paper, and cloth.

The Norton Company is interested in this tariff schedule, as it is a large manufacturer of abrasive grains. We are engaged in the manufacture of an artificial abrasive, alundum, made in the electric furnace from bauxite at Niagara Falls. This material is crushed, refined, and graded in our works at Worcester, Mass., and is then manufactured into wheels, and also sold extensively for abrasive paper and cloth and for general polishing and grinding purposes.

Alundum comes into direct competition with emery, and large importations of emery grain at a low price would affect the manufacture of alundum grain in this country. The directors of Norton Company are, however, in favor of a tariff revision on the basis of a maximum and minimum schedule, and have at various times, as individuals and as representatives of this company, advocated a revision of the tariff on the basis of a maximum and minimum schedule, in order to promote reciprocal arrangements with foreign countries.

The present duty of 1 cent per pound on emery is not a high duty. In no sense of the word is it prohibitive, as can be seen from the importations of emery and corundum grains into the United States in 1907. The report of the United States Geological Survey for that year states that 4,282,228 pounds of emery and corundum grains, valued at \$185,156, were imported into the United States. This showed an average of about $4\frac{1}{2}$ cents per pound, which corresponds with the average price of emery. Therefore the present duty of 1 cent per pound is less than 25 per cent of the value. We believe that the present duty on emery grains is a perfectly fair and reasonable one, and a duty that can not be reduced without affecting the American industry. The emery ore and rock that is now imported into the United States to the extent, as given by the Geological report mentioned above, of 11,235 long tons, valued at \$211,192, comes in free, and the present duty on the grain protects the American industry, American labor, and American capital now invested in the manufacture of this free raw material. We believe, therefore, that for a maximum tariff to be applied to those countries where we do not have reciprocal relations, the present tariff is just and reasonable, and we therefore urge its retention.

We believe, however, that the spirit of progress indicates freer trade relations by reciprocal duties with other countries, and as manufacturers of abrasive grain and as users of abrasive grains in grinding wheels, stones, and the like, we are ready to overlook our immediate business interests in this matter and to advocate a minimum tariff on emery grains of three-fourths cent per pound.

Those manufacturers interested solely in importing abrasive grain to manufacture into grinding wheels, etc., may advocate a removal of the entire duty. Those manufacturers of abrasive grains who sell their product to grinding-wheel makers, emery-cloth manufacturers, and the polishing trade in general may advocate a retention of the duty. This company, engaged both in the manufacture of

the grain and in the manufacture of grinding wheels, looking at it from the standpoint of both interests, believes that the present duty is a reasonable one and should be retained as the maximum duty on a revised tariff schedule; but at the same time believes that we should be ready to give something for the benefit of reciprocal trade relations, and urges that a minimum duty of three-fourths cent per pound be fixed on emery grain.

Emery ore can be purchased at about \$30 per ton, including freight. It can be manufactured for about \$20 per ton. It suffers in loss by cleaning and in unusable numbers about \$5, making a total cost of about \$55 per ton. It is sold to-day for about $3\frac{1}{2}$ cents per pound, leaving a profit of about three-fourths cent per pound. This profit would equal the minimum duty suggested above.

Alundum, the product which Norton Company is manufacturing, costs considerably more than emery, as it is an electric furnace product requiring a large amount of power which is expended on an expensive raw material. Its sale, however, has been limited by the importation of corundum, which pays the same duty as emery.

The reduction to the minimum schedule of three-fourths cent per pound would not only affect the American emery manufacturers, but would also affect the alundum manufacturer. A further reduction of this, we believe, would be harmful and dangerous, and we believe no facts in the case would warrant it.

The present rate of duty on emery wheels, emery files, and the manufactures of which emery is a component of chief value, is 25 per cent ad valorem.

Norton Company is the largest manufacturer of grinding wheels, stones, and abrasive products in the country. The present duty on these articles of 25 per cent ad valorem has served to curtail the importation of a lot of cheap goods made by low-paid labor. The proportion of labor cost on the grinding wheel is about one-third of the entire cost, and the labor is skilled labor and is paid accordingly. Located, as foreign countries are, near the source of supply of emery, which comes largely from Turkey and Naxos, they are able, with their low-cost labor, to manufacture abrasive goods at a much lower cost than they can be manufactured in the United States. The duty of 25 per cent is already so reasonable that it is only one element in the protection of this business. The class of trade supplied from abroad will doubtless continue to be supplied as at present, and the United States Government will collect its 25 per cent revenue. If the duty is reduced, we do not believe that the imports will be materially increased. The duty, however, is now reasonable, and we should dislike to see an opportunity opened for the importation into this country of more cheap goods than are now sold.

We believe, however, in a revision of the tariff, and have gone on record as strongly favoring a maximum and minimum tariff in order to promote a reciprocal trade with foreign countries. We believe that the maximum tariff under this schedule should be the present tariff. As a minimum schedule, we would suggest a reduction of 25 per cent from the present rate, so that the minimum schedule should be 20 per cent ad valorem.

Respectfully submitted.

NORTON COMPANY,
By GEO. I. ALDEN, *Treasurer*.

FEATHERS AND DOWN.**FRANK A. HALL, NEW YORK CITY, THINKS DUTY ON CRUDE FEATHERS AND DOWN SHOULD BE REMOVED.**

NEW YORK, November 30, 1908.

HON. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

HON. SIR: As a wholesale manufacturer of feather pillows, I would like to call the attention of your committee to the present duty of 15 per cent on crude feathers and down. To enable the manufacturers of the Eastern States to compete with the western manufacturers, this duty should be removed.

The source of supply in this country of feathers for use in pillows is the Middle States. The pillow manufacturers situated there are able to get their raw material direct from the farms, and so save all commissions, middlemen's profits, and freight charges. The eastern manufacturer has to pay a collector for gathering the feathers, also freight to the East, thereby being put to a great disadvantage, and the present duty of 15 per cent makes foreign feathers prohibitive. The removal of this duty would not affect the western manufacturer on account of the advantages he now has of situation and the saving of freight and commissions. Neither are there enough feathers of the higher grades produced in this country to meet the demand; the result being high prices.

Many of the foreign grades are not and can not be duplicated in this country on account of the difference in the birds producing the feathers and the difference in climate where the birds are raised. China, Japan, and Siberia export large quantities of feathers and down that are peculiar to those countries alone and can not be duplicated elsewhere.

I trust that you will give this matter your consideration, and would be pleased to give any further information or send any samples that you may desire.

Yours, very truly,

FRANK A. HALL.

FURS DRESSED ON THE SKIN.**THE FUR SKIN DRESSERS' UNION FAVORS A HIGHER TARIFF ON FURS MADE INTO PLATES.**

NEW YORK, November 25, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We, the undersigned, represent the Fur Skin Dressers' Union, an organization of workmen employed in the trade of dressing fur skins.

The said organization favors a higher tariff on all furs dressed on the skin, manufactured, and made into so-called plates.

The present duty on manufactured goods is 35 per cent ad valorem and on dressed furs 20 per cent ad valorem.

From the table prepared by the Commissioner of Labor we find that the wages of furriers in the five-year period of 1885 to 1889 were \$3.39 per day; between 1891 and 1893 the average wages fell to \$2.02; in 1895 to 1896 they were \$2.06, and between 1897 and 1901 they averaged \$2.19 per day.

From the statistics obtainable and from our knowledge of the trade we estimate the wages of 1901 to 1908 at about \$2 per day.

We ascribe the fall of wages in our trade largely to the effects of the present tariff.

Under the present tariff we are placed in direct competition with the cheaper labor of European fur workers, and, furthermore, we do not get enough work.

The dressed furs imported from Europe are, in a number of cases, practically manufactured and sewn into linings, or "plates" as they are termed, and are sent into our market under the schedule of skins with a duty of 20 per cent ad valorem under the present law, instead of 35 per cent ad valorem.

We also find that the importation into this country has grown in thirteen years from \$7,620,084 to \$21,883,667, while our exports have, during the same period of time increased from \$4,238,690 to \$7,139,221, thus plainly showing a balance of trade in favor of the European market.

The work of dressing furs in this country is in the hands of skilled mechanics, who find it absolutely impossible to compete with the cheaper European labor, and especially with labor employed on the cheaper grades of furs.

On the other hand, there is not enough work in the fur trade in this country at present to warrant any experiments with more economical methods of production.

Therefore, we ask you to commend in behalf of the fur workers of this country an increase in the tariff on dressed furs from 20 per cent to 40 per cent, which would naturally cause the importation of low-priced goods from Europe to become less profitable, and this would result in the development of a fur industry in this country which would excel that of the European countries.

All of which is respectfully submitted.

EDW. J. ANDERSON.
ALBERT L. HETZE.
CONRAD KOTHE.

**REPRESENTATIVES OF THE FUR DRESSERS AND FUR DYERS ASK
AN INCREASE OF DUTY ON THEIR PRODUCTS.**

NEW YORK, *November 26, 1908.*

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: The undersigned represent the fur dressers and the fur dyers of the United States. This interest is not a trust. It is not a monopoly. We are not manufacturers. We are not importers. We are not dealers. We are simply laborers, workmen. Some of us are contractors, that is to say, we employ numbers of men to do our work for us in factories appointed and arranged for that purpose. But we are all laborers, nevertheless.

A very brief statement of the method in which the business is at present conducted may not be out of place.

Your honorable committee will find upon investigation that a very large percentage, perhaps 90 per cent, of the furs which are the subject of this brief are caught or trapped in this country, that is to say in America, in various parts of this country. When so caught and trapped they are thereafter handled by the trapper or hunter and sent in quantities to the New York commission merchants in their rough, original, natural state.

These New York commission merchants in turn send these various skins (furs), a detailed list of which your honorable committee will find specifically mentioned hereafter, to the London auction rooms; some also to Leipzig, in Germany, and there these raw skins (furs) are sold, and thus the price on these skins (furs) is established.

Now, up to this time we have no fault to find, no objection to make.

Now, our complaint is as follows: After these skins (furs) are sold at London or Leipzig, as the case may be, then the trouble begins.

That is where this honorable committee must come to the relief of the American laborer.

Now, how does it work to-day?

The result of the auction sales at London and Leipzig is that these skins (furs) of the various kinds mentioned hereafter are distributed to buyers resident in various parts of the world. Having bought and gotten possession of and title to them, they immediately arrange with the dresser and dyer of London and Leipzig for the dyeing and for the dressing of these skins (furs) which, on account of the ridiculously low price of labor as compared with our price here, as your honorable committee will readily see, means that more than 50 per cent of the labor is done in foreign countries, to the exclusion of our American workmen.

After the London and Leipzig dyer and dresser has dressed and dyed these skins (furs) he puts them in what we call "plates"—that is to say, a number of skins (furs) all stitched or fastened together and forming a "plate" of about 36 by 40 inches, and by this simple trick and device they come in as dressed and dyed skins (furs) "not manufactured" and pass through our custom-house at a 20 per cent tariff.

Now, what is the remedy?

As stated above, we have no objection to the raw skins (furs) being sent to London and Leipzig for sale and there distributed at whatever price they may be sold at.

What we object to is the work and labor on these skins (furs) being done on the other side at prices with which our American labor can not compete.

And what is the result?

Our American labor has work distributed over a period of twelve months which should be done in about six months. In other words, our people are working half time; idle the rest of the time. Fancy the condition of affairs where our working people, willing and anxious to work, their employers and contractors willing and anxious to give them work, are prevented simply by this unjust and unrighteous tariff on these articles.

What is the remedy?

Put a 40 per cent tariff instead of a 20 per cent tariff on these skins (furs) and the trick is done at once.

Let this honorable committee not forget that 90 per cent of these skins (furs) (hereinafter mentioned) are raised in America and by the trick and device mentioned and described above our own people are prevented from dressing and dyeing, deodorizing, and preparing for market these various skins (furs) of animals born and raised on this soil.

It is as though our Congress deliberately acted in the interests of foreigners, and with the design to keep work away from our own American people.

But, of course, we know that such is not the case.

We know that the Congress is placed in a false position by this wrongful tariff on these articles.

Let us repeat again: We are not importers, we are not exporters, we are not manufacturers, we are not dealers, we have nothing to buy, we have nothing to sell; we are laborers pure and simple, asking simply that work which we are able to do, with an abundance of men and plants sufficient for every purpose, shall not be taken away from us, and that we shall not be deprived of that work which rightfully belongs to us.

We ask you to respectfully consider the propositions we make to you, feeling sure that you are actuated by the highest, the purest, and the best motives, and that the powers of your honorable committee will always be exercised in favor of the citizens of this country and of American labor, even though it may be to the exclusion and disadvantage of residents of other countries and the subjects of other governments.

The skins (furs) that we refer to herein are: Muskrat, squirrel, marmots, susliki, Persian lamb, astrakhan.

All of which is respectfully submitted.

A. C. SCHITZ,

THEODORE SCHIFF,

*Representing the Dyers and Dressers
of Furs and Skins in the United States.*

GUTTA-PERCHA GOODS.

**THE BISHOP GUTTA-PERCHA COMPANY, NEW YORK CITY, WISHES
RETENTION OF PRESENT DUTY ON ITS GOODS.**

NEW YORK, *December 1, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: Supplementing remarks made by the writer before your committee on November 28 with reference to tariff on gutta-percha goods under article 450 of the tariff of 1897, we respectfully submit for your consideration the following:

This company and its predecessors have been engaged in the manufacture of all kinds of gutta-percha goods since 1847. These goods,

as stated, may be divided into three general classes: First, vessels, etc., which are used in connection with the manufacture or shipping of certain acids and alkalies; second, insulated wires and cables, used for conveying electric currents at low potential under water, especially for telegraph purposes; third, gutta-percha sheet and tissue.

The price of such qualities of crude gutta-percha as is required for the manufacture of the first class of articles has increased so much within the past fifteen or twenty years that articles made of other materials have to quite an extent taken the place of those previously made of gutta-percha. This has decreased materially the demand for this class of gutta-percha goods, so that there are now manufactured in this country but comparatively few vessels of gutta-percha, and those only that are needed for prompt delivery or else articles of special design.

The percentage of labor to cost of manufacture of product is such that we have been unable to compete with the foreign manufacturers, even with the present tariff on articles of this description that are made in stock sizes and shapes.

Gutta-percha pipe, used for conveying certain acids and alkalies, and to some extent for malt liquors, is imported under the present tariff, and we also make quite a quantity in this country, being able at times with the present protection to meet the competition of importers. Through competitive bids the orders sometimes come to us; at other times they go to the importers.

Heavy gutta-percha belting for conveying power under water is used, but for the past ten years we have seemed unable to meet the prices made by foreign manufacturers.

We are the only manufacturers of gutta-percha insulated wires and cables in this country, and have always, we believe, been able to meet the competition of foreigners for such wires or cables as were required for exclusive use in this country when protected as at present.

Gutta-percha is considered the best insulating material for submarine telegraph cables that are used in the Temperate Zone.

As an evidence that there is no great profit in the manufacture of this character of goods in this country, we would state that all of the larger cables crossing either the Atlantic or Pacific have been manufactured either in England or Germany, and we believe that all of these cables are insulated with gutta-percha.

The removal of the present duty or even its reduction on this class of goods would open the market to foreign manufacturers, and undoubtedly prevent us from continuing this character of work, and we feel that, since the United States Government requires, for certain purposes, these goods, it would not be wise to wipe out their manufacture in this country and thus compel the United States, in case of necessity, to go abroad for their requirements, especially since, from our past experience, we find that it is in times of war that the Government is in greatest need of this character of cables.

Gutta-percha sheet is used for many purposes, it being made into sheets largely for convenience in handling, the thickness of the sheet varying from one sixty-fourth to one-half inch or more. It is used

by the Government for gun impressions; to a small extent by manufacturers of molded goods, such as fine electric or gas fixtures. With the present duty we are able to compete with the foreign manufacturers, though, we understand, at times more or less gutta-percha in this shape is imported.

Gutta-percha tissue is manufactured varying in weight from 4 square yards per pound to 24 or more square yards per pound. It is made mostly of inferior grades of gum, and at present sells at a very low price compared with the prices of six or eight years ago, the reduction in price having been brought about by severe competition between the manufacturers of this country and the importers, manufacturers on both sides of the Atlantic having doubtless within that time very much reduced the cost of manufacture by improvements in methods and by the use of cheaper gums.

In the manufacture of all weights of tissue the same ingredients are used, but the percentage of labor cost to the total cost varies with the thickness of the goods. With the present tariff we find ourselves able to compete with importers on tissue weighing 1 pound per 10 or 12 square yards and heavier. This tissue is mostly used by manufacturers of trousers in the hem at the bottom, probably not less than 90 per cent of that used in this country being for this purpose, and at the present prices of these goods the amount of tissue necessary to make a pair of trousers costs the manufacturers of the trousers approximately one-fourth of a cent per pair, so that any diminution of the present tariff would not affect the price of trousers to the consumer, but its reduction to 25 per cent ad valorem, instead of 35 per cent, as at present, would make it questionable whether the manufacture of these goods could be continued in this country with the present price of labor.

There has been very little tissue manufactured in this country weighing 12 square yards per pound or less for some years—not since the reducing in price began some eight or ten years ago. We manufacture occasionally some lot for consumers who do not use enough to warrant importation.

There is, however, considerable quantities of this material used by manufacturers of hats and furs and of certain grades of shoes, and practically all that is used is imported. To make this line of business at all attractive to the American manufacturer, paying, as he does, so much more for labor, and labor being the principal percentage of cost, probably 75 or 80 per cent, it would be necessary to increase the tariff to 50 per cent ad valorem.

Having in mind all of the above facts, and realizing that, with the present duties, there are considerable quantities of certain lines of gutta-percha goods that, with existing prices of labor and other expenses in this country, we are not able to make at a price that can meet foreign competition, yet, we will be satisfied if the tariff is left as at present, and endeavor to continue to make, at a small profit, such goods as we have been making for the past six or eight years.

Respectively, yours,

BISHOP GUTTA-PERCHA COMPANY,
W. BRAIDMAN REED, *Treasurer.*

HATTERS' FUR.

REPRESENTATIVES OF THE HATTERS' FUR INDUSTRY ASK A
SEPARATE CLASSIFICATION FOR THEIR PRODUCT.NEW YORK CITY, *December 3, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: This memorial is presented in behalf of the entire hatters' fur industry of the United States, composed of Jonas & Naumburg, New York City; H. & A. Chapal Freres & Co., Brooklyn, N. Y.; Bloch & Hirsch Fur Company, Brooklyn, N. Y.; Hitchcock, Dermody & Co., Brooklyn, N. Y.; Pellissier, Jeunes & Rivet, Brooklyn, N. Y.; H. Picard & Co., Newark, N. J.; Donner & Co., Newark, N. J.; Martin Bates, Jr., & Co., South Norwalk, Conn.; American Hatters and Furriers' Company, Danbury, Conn.; J. W. Katz, Newark, N. J.; John B. Stetson Company, Philadelphia, Pa.; New England Fur Company, Fall River, Mass.; Waring Hat Manufacturing Company, Yonkers, N. Y.

Its purpose is to convey, in a brief and concise statement, information for the benefit of the committee, in order that intelligent consideration may be given to those paragraphs of the existing tariff act affecting our industry.

The industry is mainly centralized within a radius of 100 miles of New York City, employs over 3,000 persons in the various factories, and consists solely of removing the hair or fur from the skin of the rabbit, hare, nutria, and beaver, after opening, carding, cleaning, and other processes, and chemically treating it with a solution of nitric acid and quicksilver (or mercury), called "carrotting," producing a product commonly known as "hatters' furs." This product is sold to felt-hat manufacturers and is manufactured into felt hats by a separate and distinct industry.

The industry is affected under the act of July 24, 1897, by the following paragraphs:

Paragraph 426. Furs, dressed on the skin, but not made up into articles, and furs not on the skin, prepared for hatters' use, including fur skins, carrotted, twenty per centum ad valorem.

Paragraph 561. Furs, undressed (free).

Paragraph 562. Fur skins of all kinds not dressed in any manner, and not specially provided for in this act (free).

From the statement heretofore made it will be observed that this industry consists of various incidental treatments, including carrotting, of the fur of various small animals, and it therefore is apparent that it is the skins with the fur thereon of these various animals which forms the raw material and is the basic property of our product. All of this raw material is imported from other countries, principally the cold regions of Europe and Australia. The fur used comes almost exclusively from animals not indigenous to North American climates.

The industry of manufacturing hatters' furs is largely a creation of a moderate tariff protection, and its status as a recognized active industry is practically coexistent with the tariff act of 1862, when an ad valorem duty of 20 per cent was enacted. This rate has remained

inviolable through all tariff legislation since that time, and irrespective of the increase or decrease in the tariff on other manufactured products, the duty on hatters' fur has remained unchanged.

It has been this feeling of security that has permitted the industry to make progress, and yet we have at all times felt the keen competition of European manufacturers, and this competition has resulted in a fair consumption of imported hatters' furs by the hat manufacturers of this country.

All of our product goes into the manufacture of felt hats, and is purchased by hat manufacturers. The home consumption of hatters' fur during the past fifteen years has not had a decidedly wide range, only increasing in slight proportions as the increase in the manufacture of felt hats became stimulated by the demand of an ever-growing population; and yet the annual value of our production has undergone marked changes, due entirely to the wide fluctuations in the values of the skins in the foreign markets. This value has been regulated by the law of supply and demand, and the highest values have doubled the lower values as the markets changed, so wide has been the range.

The entire domestic consumption of hatters' furs in the United States has averaged during the past fifteen years from \$7,000,000 to \$9,000,000 annually, and we quote herein, for comparison, the table of imports of "furs not on the skin, prepared for hatters' use," this being the technical description of our product.

Year.	Value.	Year.	Value.
1894.....	\$767,535	1901.....	\$1,122,958
1895.....	1,074,519	1902.....	1,063,897
1896.....	711,267	1903.....	1,230,746
1897.....	721,218	1904.....	1,063,874
1898.....	1,181,177	1905.....	1,137,991
1899.....	1,388,691	1906.....	1,112,326
1900.....	935,813	1907.....	897,401

There has been no appreciable difference in the quantity of hatters' furs imported into the United States during the past fifteen years, and the table in this respect is misleading and would seem not to support this statement, but admits of a ready explanation when the fluctuation in values is taken into consideration.

It will be observed that the consumption of domestic hatters' fur is between four and five times the consumption of imported hatters' fur, so that it can not be maintained that there is any control of the market by the domestic manufacturers. Indeed, were it not for the liberal lines of credit extended by the domestic manufacturer and the ability to make quick deliveries, the European market would produce a decidedly larger percentage of our home consumption.

The duty of 20 per cent, standing by itself, is not sufficient to protect American labor against its foreign competitor. We are prepared to furnish the committee with the real facts respecting the cost of production in European factories, and our investigation proves that the labor cost in Europe is from 45 to 52 per cent less than the labor cost in the United States, which may be confirmed by data in your possession from consular reports.

The European manufacturer has this additional advantage: Their factories are located in close proximity to where the fur skins are collected, substantially all the chemicals with which the fur is treated are purchasable cheaper abroad, and they have a recognized decrease in the cost of production (rent, office expense, etc.). The duty of 20 per cent is one of the lowest rates in the present schedule on manufactured products, and is a tariff for revenue only.

In order that the committee may have before it accurate information from which they may intelligently estimate what benefit the consumer would receive in the event that the entire tariff wall should be removed from our home products and hatters' fur admitted absolutely free of duty, we beg to state that the hatters' fur in the finished hat represents from 7 to 10 per cent of its selling price in the retail store, varying according to quality, and if the duty on hatters' fur were entirely removed, it would mean a saving of less than the 20 per cent duty on the cost price of this hatters' fur, equal to from 3 to 5 cents on every hat purchased at retail by the consuming public. We arrive at this conclusion from the knowledge in our possession that the cost of the fur in a hat sold at retail at \$2 (the popular price in this country) is from \$1.84 to \$2.06 per dozen.

It therefore appears that a hat which is sold to the consumer at \$2 contains a little over 16 cents' worth of fur, and that if the duty were entirely removed the reduction to the consumer, assuming that the consumer would be the sole beneficiary, would be 20 per cent of the fur value, or about 3 cents. This condition would result if the tariff would be entirely removed; if the rate is only reduced, then the difference would be fractional. The immediate beneficiaries of any reduction in the duties would apparently be the manufacturers of hats. The benefits of home manufacture, which would be destroyed by a reduction of tariff, are so apparent to the manufacturers of hats in this country that they are a unit in opposing any such reduction.

Imported hatter's fur before it reaches the hands of the consumer in the shape of a finished hat is handled by five industries, all presumably making some profit—(1) the importer of the hatters' fur, (2) the manufacturer of the hat body or cone (in many instances an independent industry), (3) the finisher of the hat body or cone (who shapes, blocks, and trims), (4) the jobber, and finally (5) the retailer.

Is there any possible chance of the consumer receiving the benefit of any change in the present tariff rate on this commodity and is there any member of this committee who is not impressed with the glaring fact that this benefit will in no manner accrue to the consumer?

We believe that the table of importations shown herein clearly indicates that the European manufacturer may be considered a fair competitor of this market and one who must always be counted upon as a factor in the industry. Certainly the present tariff is not prohibitory, and at its best is but a partial protection to an industry which has been fostered under an intact tariff for nearly fifty years, a tariff which has almost crystallized into a compact between the Federal Government and the manufacturers of hatters' furs.

We believe that we have fairly illustrated that the consuming public can receive no possible benefit by any change in the present rate on

our product, and it follows that if the consuming public can receive no benefit from a lowering of the rate, and as there is no prohibitive tariff resulting in a consumption of the home product to the exclusion of any imported product, no reason exists which recommends a change.

There is no combination, agreement, or understanding between the manufacturers of hatters' furs in the United States; no fixed price; no set standards. The closest of competition prevails at all times, and the fluctuating market of our raw material prevents any possible understanding or agreement to maintain a set price. Indeed, European competition makes this impossible.

It has been brought to our attention that the preliminary notes on the tariff revision make the suggestion that the provision for "manufactures of fur" be transferred from paragraph 450 of the act of July 24, 1897, and annexed to paragraph 426 of the said act. In the event that this change is made, it may cause unnecessary confusion. The subject-matter "manufactures of fur," as we have endeavored to show, bears no analogy to paragraph 426 of the present act, as now constructed, but covers an entire, separate, and distinct class of manufacture, and one in no way related to hatters' fur.

Indeed, "hatters' fur," in its plain interpretation signifies the fur or hair removed from the skins of such animals as the rabbit, hare, nutria, and in some few instances the beaver, prepared and chemically treated into a product called "hatters' fur," because its sole and exclusive use is for the manufacture of the felt hat, and is the component part of felt hats commonly called "derbys," and "soft hats."

We present for illustration two exhibits marked Exhibit A (fur from hares) and Exhibit B (fur from conies), prepared and chemically treated and thus becoming hatters' fur. An examination of this so-called "fur" will show that it bears no resemblance to furs as generally recognized. Indeed, through the process of manufacture, it loses its entire identity as a fur, being separated from the skin and becomes a fibrous substance.

These exhibits of hatters' furs exemplify the furs used for hats, and this classification has always been separate and distinct in trade usage as well as tariff legislation, the result of a thorough knowledge of the difference between "hatters' furs" and other "manufactures of furs." The rulings of the General Board of Appraisers and the United States courts show conclusively that there should be a separate classification, and any action of this committee combining these two classes will be a step backward.

We find it pertinent to express our opinion concerning a maximum and minimum tariff, in the event that it should be determined by the Congress to enact a law upon such a basis. The rate upon our product is to-day what substantially amounts to a minimum rate, and any minimum tariff below the present rate of duty would practically transfer our product to the free list, destroying the industry.

We therefore must respectfully ask that paragraph 426 be not changed in any manner as to form, classification, or rate, and that it be maintained as at present provided.

Respectfully submitted.

AARON NAUMBURG.

HATTER'S PLUSH.PHILADELPHIA, *November 30, 1908.*

Hon. JOHN DALZELL,
Washington, D. C.

DEAR SIR:

* * * * *

There is one question that I would like to put before you. I put it before the committee during the preparation of the last tariff, and that is hatter's plush. It comes under a separate duty from any other article, and it is purely a luxury, used for the manufacture of silk hats. Now, if there is anything that should pay a duty, it should be this, because it is a luxury to all intents and purposes. There is none made here, nor ever will be any made here as long as the rate of duty remains as it is.

Thanking you in anticipation of your interest in the above schedule, I remain,

Yours, sincerely,

JAMES DOBSON.

HORN COMBS.

JACOB W. WALTON SONS, FRANKFORD, PA., ASK A SPECIAL PARAGRAPH AND INCREASED RATE.

FRANKFORD, PA., *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: The manufacturing firms of W. H. Noyes & Bro., of Newburyport, Mass.; of G. W. Richardson, of the same city, together with my own firm, Jacob W. Walton Sons, of Frankford, Pa., have requested the writer to present to your committee the situation regarding the horn-comb industry as affected by the tariff.

Horn combs are made of cattle horns, and some years ago the production in this country supplied us with all our raw material at a moderate price: but owing to the breeding of short-horn cattle and the process of dehorning, the quantity and quality of American horns have fallen so low that it has been necessary for some years for American manufacturers to buy a large part of their material in European markets, where the foreign manufacturers have the advantage of being on the ground.

The product of the foreign comb manufacturers has always found a market in this country, but under present conditions there is an increase in the number of sizes and styles, many of them copies of our makes, which enter our market and drive out the domestic goods. This competition is more keen and difficult to meet each year, particularly in view of the fact that the scale of wages we are required to pay has advanced.

A very considerable item of comb imports consists of fine hand-made combs, which sell in all the department stores and among the dealers in better goods. Some of these goods, manufactured in France are made in a manner that we could not presume to have suf-

ficient tariff to enable us to compete. In these goods the item of hand labor figures very largely. While in France in 1904 I was informed by horn brokers and other men familiar with the business that it is the custom of the large manufacturers to prepare the horn stock up to a certain point and then farm it out to families, who take the work home and there put upon it the fine hand labor which produces the superior article. For this work the families, consisting of father, mother, and several children (sometimes five or six), receive the equivalent of about \$5 for a full week's work. This statement had previously been made to me by Frenchmen in this country who were familiar with the comb industry of France.

There is also a line of very cheap combs coming here from Italy, Scotland, and the Netherlands which we can hardly expect to compete with. Among these are pocket combs in cases, which are delivered in New York for \$1.25 per gross, duty paid, or of a line of fine-teeth combs at ridiculously low prices.

While thousands of dollars of these goods are continually shipped here, we do not advocate such protection as would give the American manufacturers a monopoly in this market.

The burden of our plea is that the tariff should be high enough to enable the American manufacturer, paying decent wages to workmen, to make reasonable profits and retain the market which legitimately belongs to them.

While there has been a large increase in the consumption of horn combs in this country, the industry has not advanced correspondingly. The decline in the cleared horn line of dressing and fine-teeth combs is particularly marked, the foreign manufacturers having this field practically to themselves, although most of our factories are equipped for this work, and if it were possible to compete could give employment to a goodly number of workmen.

Within a month the representative of the Aberdeen Comb Works, which we understand is a large consolidation of English and Scotch comb factories, came to this country and is now in the West offering a comb known as a metal-end tooth dressing comb, quoting prices that forbid competition by domestic makers. These goods, which were invented by one of the American firms and sold under patent rights, and since then for a number of years have been a free-selling article, furnishing the factories from 25 per cent to 50 per cent of their business, are mounted with nicoline, which the foreigner buys in Europe free of duty, but on which the American manufacturer must pay 45 per cent duty. The loss of this trade will be a very severe blow to our industry. A proper value for this comb in 7-inch length, which is the predominant size, would be \$7.25 net per gross. The foreign comb is offered at \$5.70 per gross in New York or Chicago, duty and all expenses paid.

If this were a new move the American manufacturers would undoubtedly follow this price down and, even at a loss, hold the trade, but it has occurred so frequently of late that we have to submit to the loss of our customers.

We can submit to you the original invoices of goods shipped from Aberdeen, Scotland, covering a variety of combs, of which we have a few samples. We also have the price lists of French combs received in this country soliciting trade.

We can also furnish combs made by our own factories which correspond closely with the foreign article, also the printed price lists, which have been in use for several years, so as to show a comparison of goods and prices between the American and European manufacturers.

A comparison shows that in many cases the prices quoted from abroad are below the cost of manufacturing the domestic article, which can be accounted for to a very large extent by the low wage scale of the foreign manufacturers.

To manufacture the class of combs made in this country successfully, requires large experience in buying the raw material and inventive skill in order to devise and install the best labor-saving devices, besides close attention to details such as is required in but few lines of manufacture. The amount of invested capital required is large in view of the aggregate production, so that the experience of the manufacturers has not been encouraging.

If a change were made in the tariff schedule either lowering or increasing the rate it would not change the price of the combs to the consumer except in a limited group of the article. The price that is charged for the comb at retail in this country, for probably 75 per cent of the combs sold, is 10 cents. The only effect of lowering the duty would be to enrich the dealer at the expense of the manufacturer, and by the increase of importations reduce the output of our factories, which would result in the employment of less workmen and possibly the retirement of the industry, in which case the foreigner would undoubtedly increase his prices to this market.

On the other hand, an increase of duty would not increase the price to consumers, the revenue to the Government would probably not be materially diminished, and there would be an enlargement of the industry, which would give employment to more American labor.

Our industry has suffered long and severely from the competition of the foreign goods, and domestic manufacturers have often been compelled to lower their standards of quality in an attempt to meet this competition.

We believe the present revision of the tariff gives us the opportunity of securing a just measure of protection, and that good policy and fairness dictate that the interests of the larger number will be conserved by a substantial increase in the duty on horn combs.

We would urge that horn combs be given a special paragraph, and that the duty be made 45 per cent ad valorem and specific duty of 6 cents per dozen.

JOHN WALTON.

JACOB W. WALTON & SONS.

DE GRAFF & PALMER, NEW YORK CITY, ASK SPECIFIC ENUMERATION OF HORN COMBS.

NEW YORK, December 3, 1908.

Hon. SERENO E. PAYNE, M. C.,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: In behalf of the American manufacturers of horn, and representing the Noyes Comb Company, of Binghamton, N. Y., I

present for your consideration the following radical changes in connection with the importation of articles manufactured from horn. The present law reads:

449. Manufactures of bone, chip, grass, horn, india rubber, palm leaf, straw, weeds or whalebone, or of which these substances or either of them is the component material of chief value, not specially provided for in this act, thirty per centum ad valorem; but the terms "grass" and "straw" shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof.

I respectfully recommend that the "manufactures of horn" be separated from the articles covered by paragraph 449, and a special paragraph covering our product (horn combs) be formed, substituting for that portion of section 449 regarding the manufacture of horn to read:

Manufactures of horn, or of which horn is the component material of chief value, not specially provided for in this act, six cents per dozen on combs, and forty-five per cent ad valorem.

This increase seems to be absolutely necessary if the industry in this country shall prosper or even be allowed to exist.

About fifteen years ago there were 11 horn-comb factories in this country, and to-day there are but 4, as the inadequate duty of 30 per cent does not allow the American manufacturer sufficient protection to enable him to compete with the low wages paid in Aberdeen, Scotland, and in Germany.

Most of the importations into this country come from one horn-comb works in Aberdeen, Scotland. Our factory obtained a United States patent on a metal-back comb, where the back extended over the ends, forming the end teeth, which patent expired a number of years ago, and the fair market value for this article is \$7.25 net, but the competing comb offered by the Aberdeen Comb Works can now be landed in New York City, freight and duty paid, for \$5.70, and beg to say that this comb can not be made in America to meet the foreign price mentioned above. Taking 100 as a unit, the wages amount to 45 per cent and a superintendent's charge of 5 per cent. Notwithstanding the fact that foreign combs are brought into this market at the price mentioned above, the consumer pays exactly the same price at retail for his goods as he does for ours, as the comb can not be retailed at 5 cents, and is universally sold at 10 cents, so that the difference in cost to the wholesale merchant is absorbed by him and the retailer at the expense of American labor.

At our factory we have a large stock of raw material on hand suitable for making combs, which can not be made up at a profit owing to the above conditions. We are prepared to submit samples and substantiate the above facts, if requested.

Praying that your committee may see the justice of making the proposed substitute for that portion of section 449 as outlined. I remain,

Yours, respectfully.

JAMES W. DE GRAFF.

JEWELRY.**THE NEW ENGLAND MANUFACTURING JEWELERS' AND SILVER-SMITHS' ASSOCIATION ASKS FOR INTERPRETATION OF WORD "JEWELRY."**PROVIDENCE, R. I., *December 1, 1908.*

Hon. S. E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: We respectfully suggest that paragraph 434 of the present tariff be so amended that it will contain a comprehensive interpretation of the word "jewelry." All existing erroneous classifications of this commodity—whether made of precious or base metals—will thereby be precluded, to the effect that the Government in the future may not be defeated in collecting the proper ad valorem duty, as intended, by whatever measure adopted, and that the domestic manufacturer may receive fair protection, commensurate with the difference between the cheap labor of Europe and the proper wage of the American artisan.

A brief, setting forth concisely the contentions of the members of this industry, is being prepared, and will be submitted to your honorable body at the earliest practicable moment.

Yours, very truly,

New England Manufacturing Jewelers' and Silversmiths'
Association: Henry G. Thresher, chairman; Harry
Cutler, Chas. T. Page, Edward A. Sweeney, Samuel
M. Einstein, Theodore W. Foster, William A. Copeland,
Committee on Tariff Revision.

LEAD PENCILS AND PENHOLDERS.**O. F. CHICHESTER, FREDERICA, GA., REQUESTS THAT PRESENT DUTY BE RETAINED.**FREDERICA, GA., *November 21, 1908.*

Hon. SERENO E. PAYNE,

Washington, D. C.

DEAR SIR: I am the owner of Little St. Simons Island, in this State, and in view of the new tariff desire to state that I have invested a large amount of money in acquiring this island for the purpose of cutting the cedar timber.

I would respectfully request that no change be made in the tariff on lead pencils and penholders, and I have an important contract with one of the large pencil manufacturers to deliver them this cedar which it would be impossible to carry out for any fair remuneration if pencils could be imported from Germany. In making this request I represent other farmers who own land containing pencil cedar out of which slats are made in the mills for pencils.

I hope that you will protect us in order to enable us to start a mill and thus employ a good deal of labor which is now idle, as there are no manufacturing industries in this neighborhood.

Yours, respectfully,

O. F. CHICHESTER.

**THE HUDSON LUMBER COMPANY, SPRINGFIELD, MO., DESIRES
PRESENT DUTY ON PENCILS AND PENHOLDERS.**

SPRINGFIELD, Mo., *November 23, 1908.*

HON. SERENO E. PAYNE,

Washington, D. C.

DEAR SIR: We understand that the tariff will shortly come up for discussion, and we would request of you not to make any change in Schedule N, paragraph 456, for the following reasons, viz:

Since the last tariff bill went into effect we have invested a great deal of money in the purchase of lands of cedar and represent a great number of farmers in the purchase and sale of this timber (used mostly for the manufacture of lead pencils) in this State, Oklahoma, Arkansas, and Texas. We, ourselves, own two large mills in this State and Houston, Tex., and cedar-timber lands of some importance.

There are now engaged in the growing of red cedar timber for lead pencils, and in the purchase and sale of the same, and in the manufacture of boards ready for the manufacture of pencils, many thousands of farmers in Southern States, and while on this specific matter we talk for ourselves, we would ask you to bear in mind that in the tariff question a very large per cent of the southern people are high protectionists and do not wish the change in the tariff.

If the tariff on the above paragraph is reduced many of the cedar mills will have to be shut down, as lead pencils made out of cheaper and poorer wood would then be imported from foreign countries to the great detriment of the southern farmers engaged in this industry.

Aside from the mill industry, the timber land, per acre, anywhere in the South, containing cedar has more than tripled in value, and we can see no reason why the farmers, who are the sole owners of this land, should suffer by reason of a reduction in the tariff, as they have to depend almost entirely for the sale of this product on those who manufacture pencils.

Respectfully,

HUDSON LUMBER COMPANY,
J. A. ELLEDGE, *Manager,*
Springfield, Mo.

NEW RUBBER WASTE.

**B. A. LEVETT, NEW YORK CITY, FILES SUPPLEMENTAL STATE-
MENT RELATIVE TO NEW RUBBER CLIPPINGS.**

NEW YORK, *December 3, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: As supplemental to my statement before you on behalf of B. Loewenthal & Co. and others relative to new rubber waste, I beg to make the following statement:

The provision covering rubber clippings as it appears in the present act seems to have been inserted for the first time in the act of 1890. It was reenacted in the same language in the act of 1894, and in the same language in the present act. The act of 1883 contained

a provision in the free list for "India rubber crude and milk of." In the case of *Cadwalader v. Jessup & Moore* (149 U. S., 350) the Supreme Court had before it the question as to whether old india-rubber shoes were free of duty under this provision or were dutiable as articles composed of india rubber. While it was held that they were free, the amendment in the act of 1890 of the india rubber free list paragraph was undoubtedly made to cover such goods. Presumably the question of new scrap rubber was not brought to the attention of Congress, but if there was at that time any reason for excluding the new clippings from the free list, certainly that reason no longer exists, inasmuch as these scraps enter into no competition with any domestic article, and being fit only for remanufacture, their free entry serves to give employment to American workmen and to foster American industries, while their exclusion means the fostering of foreign industries. It is urged that absolutely no reason can be advanced why they should not be put upon the free list.

I have before me the first print of the report of the hearing of November 28, and find therein certain inaccuracies which I have asked to have corrected. In case, however, these should not be corrected in the revised print, I beg to call attention to them.

On page 2641 there is a statement that the duty was assessed at \$2,000. This should be \$200.

In my suggestion for an amendment of the paragraph in addition to the amendments requested, as appear in the report, the paragraph should be further amended by addition of the words "and waste in part of rubber fit only for the recovery of rubber contained therein," so that it would read:

India rubber crude and milk of, and scrap or refuse india rubber fit only for remanufacture; and waste in part of rubber fit only for the recovery of the rubber contained therein.

This is the paragraph in the form in which we ask its insertion.

At the end of my statement the word "India" should be "Canada."

Respectfully submitted.

B. A. LEVETT.

(Representing B. Loewenthal & Co., Wm. H. Cummings & Sons, Theo. Hofeller & Co., Salomon Bros. & Co., Felix Salomon & Co., E. Bers & Co., J. Loewenthal & Sons.)

PEARL BUTTONS.

THE UNITED OCEAN PEARL MANUFACTURERS' ASSOCIATION OF AMERICA ASKS MAINTENANCE OF PRESENT DUTY ON PEARL BUTTONS.

ARLINGTON, N. J., November 25, 1908.

WILLIAM K. PAYNE,

*Clerk Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: The United Ocean Pearl Manufacturers' Association of America begs leave to submit to your committee the inclosed brief,

and kindly invite your earnest consideration of the same, relating to the tariff on pearl buttons.

Very respectfully,

Committee: A. V. Hamburg, Chairman, President Hamburg Button Co., Newark, N. J.; Thomas Tonks, President Tonks Bros. Co., Newark, N. J.; Joseph Bohm, Treasurer Bohm Pearl Button Co., New York City; Wm. Kral, of Wm. Kral & Co., Long Island City, New York; J. R. O'Connor, Secretary Essex Pearl Button Co., Arlington, N. J.

BRIEF.

The association representing the various trades that use mother-of-pearl as raw material, beg respectfully to submit to your committee the following:

That there does not exist in the pearl industry any combination of trades of any sort: neither do any agreements or understandings exist as to maintaining prices: but there is absolutely free competition amongst the manufacturers, and everyone sells his goods as best he can and may.

While it would have been easy for us to submit you all sorts of statistics, we thought that we might prove this fact by a much simpler and more convincing proof.

We beg herewith to annex to this a list of all the companies and individual manufacturers interested in the pearl industry with their names and addresses, and we give you, with each manufacturer's name, his capital rating both according to Bradstreets and Dun's.

Your committee will see therefrom that the highest rating of any, and in a very few instances only, and as a maximum, is \$200,000, and that in the majority of cases the capital of the people interested in these industries is only very modest, and in a very great many instances the manufacturers have no capital rating at all.

This proves that although this industry has been protected for the last eighteen years, and although it is to be assumed that a great number of the manufacturers are men of average intellect, yet there has not been a single instance of any fortune having been amassed in this trade.

We make this statement to show that our industry is most certainly not overprotected, and that individual competition makes it impossible for anyone in this industry to amass any fortune at the cost of the general public.

While the official statistics of the custom-house show that the importation of pearl buttons in the year 1905 was \$172,101, and in the year 1906, \$133,567, and in the year 1907, \$164,154, you will see equally from the official government publications that there is practically no export existing from this country, the exception being formed by a small exportation of a few thousand dollars from this country to Canada, which is possible only through local reasons and contiguity of the territory.

Conditions, such as we are told exist in some industries where the surplus production is exported and sold abroad at cheaper prices, do not, and can not exist in our industry, as we can not compete with Europe or other countries on account of labor.

Furthermore, the system in Austria of apprentice labor is in force; that is, boys of 15, 16, or 17 years of age are apprenticed to an employer for three years, during which time they can not leave his service under any condition, and during this time of apprenticeship their wages increase gradually from about 1.50 florins for the first year to 3 florins in the third year.

These apprentices, who, if they are of average intellect, can, after six months, perform in certain branches of the industry (such as cutting, drilling holes, and polishing) the work of a grown-up man, are therefore paid at the rate of about \$1 per week, and even under the present tariff for the smaller lines of buttons, which require a great deal of labor, our industry is not over protected.

This cheaper labor gives European countries also another great advantage. That is, the choice of the raw material which they use. The raw material pays no duty in the United States or in any European country, but the cheapness of labor in Europe is such that the European manufacturer is able to use the poorest grubby shells (of which we submit sample), and which the American manufacturer can not use, because the high-priced labor would lose too much time in handling such raw material.

The fact is, the raw material comes to America, is sorted out, and the poorest grubbies are reexported to Europe, where they find buyers, while they could not be used in America.

The fact that the importation of buttons from Europe continues is clear proof that even at the present reading of the tariff we are not overprotected against European competition.

Of late years another most formidable danger has arisen for our industry in the shape of Japanese competition. We beg to submit a paragraph taken from the report of the United States consul-general of June of this year, from which your committee will be able to see not only the increase of this industry in Japan, but also the tremendous ratio of increase in exportation of buttons to European countries.

The consul-general mentions that these goods are reexported from these countries, and evidently part of them find their way to this country.

For these reasons, our association, representing the various interests of pearl workers in the United States, request your honorable committee that the present tariff on pearl buttons be maintained.

AN AMERICAN INDUSTRY.

Consul-General Jussen, under date of December 30, 1887, reports as follows:

"The manufacture of pearl buttons is not an industry of the United States and probably never will be. Reason is obvious. Pearl buttons can not be manufactured by machinery, owing to the brittle nature of the shell. This hand labor is performed at the rate of \$2 to \$2.80 per week."

The above report was previous to the passage of the McKinley bill. Immediately following the operation of the McKinley tariff bill the making of ocean pearl buttons became an important industry in the United States. We are pleased to hand you herewith the importa-

tions of pearl buttons previous to this bill, and also the years following from 1891 to 1897, inclusive, showing that this has been a successful industry under the present tariff:

1884.....	\$1,496,000
1886.....	1,631,747
1887.....	1,612,000
1888.....	1,558,000
1889.....	1,352,000
1891.....	100,000
1895.....	375,886
1896.....	332,210
1897.....	250,278
1900.....	70,262
1905.....	172,101
1906.....	133,567
1907.....	164,154

THE JAPANESE INDUSTRY.

Consul-General Henry B. Miller forwards from Yokohama the following information from newspapers published in Japan of industrial development in that Empire:

The manufacture of shell buttons was introduced into Japan by a German about twenty years ago, and factories have since been started in Osaka, Hyogo, Wakayama, and other places. Raw material is imported from India and the South Sea Islands. The principal destination of the buttons is Germany and France, whence they are reexported to other countries. It is stated that lately orders have been received by manufacturers direct from Europe. At present Osaka is the center of the shell-button industry, there being in the city over 60 factories, while there are 12 or 13 in Hyogo and Wakayama, 3 or 4 in Mie, and 2 each in Ishikawa and Oita. There is 1 factory in Okayama which is devoted to the manufacture of buttons from mother-of-pearl. The value of buttons exported last year amounted to \$272,600, against \$169,900 in 1906 and \$74,900 in 1905.

AMERICAN MANUFACTURERS.

Following is a list of American manufacturers of pearl buttons, and their rating:

Manufacturers.	Rating.
American Pearl Manufacturing Company, Philadelphia, Pa.....	\$50,000-\$75,000
American Pearl Button Company, New York.	
Astoria Pearl Button Company, Astoria, Long Island.	
Albrecht, J., Winfield, Long Island.	
Blakeman, C., Newark, N. J.....	35,000- 50,000
Bohm Pearl Button Company, New York.....	5,000- 10,000
Ballek, F., Secaucus, N. J., less than.....	500
Bradac, W., Carlstadt, N. J.	
Budin, C., Little Ferry, N. J.	
Bloom & Co., Providence, R. I.	
Cameron Company, W. L., New York.	
Cleveland Pearl Button Works, Cleveland, Ohio.....	50,000- 75,000
Cimler, J., Secaucus, N. J.	
Cimler, C., Union Hill, N. J.	
Cech, F., New York.....	10,000- 20,000
Dvorak, J., Little Ferry, N. J.....	2,000- 3,000
Dvorsky, J., Astoria, Long Island.....	5,000- 10,000
Davis & Sons, T., Newark, N. J.....	35,000- 50,000
Delaney, W., Newark, N. J.....	3,000- 5,000
Dolezal, J., New York.	
Edwards, J., Newark, N. J., less than.....	500
Empire City Pearl Works, Long Island City, Long Island.....	125,000-200,000

Manufacturers.	Rating.
Essex Pearl Button Company, Arlington, N. J.-----	\$20, 000- 30, 000
Eastern Pearl Button Company, Brooklyn, N. Y.	
Fedral Pearl Button Company, Newark, N. J.	
Fischer, P., Union Hill, N. J.	
Gemmi Brothers Company, Philadelphia, Pa.-----	20, 000- 35, 000
Gager, L., Union Hill, N. J.	
Gaffney, J. H., Providence, R. I., less than-----	500
Garbrel Brothers Company, Philadelphia, Pa.	
Hirshfeld, H., New Milford, N. J.-----	3, 000- 5, 000
Hirsch & Co., L. H., New York-----	125, 000-200, 000
Hamburg Button Company, Newark, N. J.-----	35, 000- 50, 000
Havsa & Co., New York.	
Haydenville Button Company, Haydenville, Mass.-----	10, 000- 20, 000
Hrbek, F., Union Hill, N. J.-----	1, 000- 2, 000
Hodson & Co., J. M., Philadelphia, Pa.	
Hrouda & Co., J., New York-----	5, 000- 10, 000
Huebner & Sons, E., Newark, N. J.-----	35, 000- 50, 000
Hak, A., Wellington, Conn.	
Hendle, J., Union Hill, N. J.	
Heger, C., Carlstadt, N. J.-----	500- 1, 000
Halleigh Company, R., Philadelphia, Pa.-----	5, 000- 10, 000
Hrbeks, R., Little Ferry, N. J.	
Habart, A., New York.	
International Button Company, Rochester, N. Y.-----	50, 000- 75, 000
Janitschek, F., New York.	
Kozich, P., Astoria, Long Island.	
Karasek, J., West Hoboken, N. J.	
Krall & Co., Wm., Astoria, Long Island.-----	10, 000- 20, 000
Koudelka, L., New York.	
Keer & Winters, Newark, N. J.-----	20, 000- 30, 000
Kozich, J., Union Hill, N. J.	
Krallert & Zelfellaw, Brooklyn, N. Y.	
Krss, D., New York.	
Kasper, J., West New York, N. J.	
Lawler, S. L. & J. H., Brooklyn, N. Y.	
Lederer & Co., S. B., Attleboro, Mass.-----	20, 000- 35, 000
Linforth, J., Brooklyn, N. Y.-----	10, 000- 20, 000
Myslick, I., Providence, R. I.	
Mousley, A. J., Philadelphia, Pa.-----	3, 000- 5, 000
Mylnar, C., New York.	
Masinda, Wm., Newark, N. J.	
Mach, E., Little Ferry.	
McCarthy, William, West Willington, Conn.	
Novelty Pearl Works, Secaucus, N. J.-----	3, 000- 5, 000
New England Pearl Company, New York-----	2, 000- 3, 000
New Jersey Button Company, Claremont, N. H.-----	30, 000- 50, 000
Ortman, Providence, R. I.-----	500- 1, 000
Prochaska & Co., J., Newark, N. J.	
Prince, A., Irvington, N. J.	
Philadelphia Pearl Novelty Company, Philadelphia, Pa.-----	35, 000- 50, 000
Peerless Pearl Company, Philadelphia, Pa.-----	10, 000- 20, 000
Popp, J., Chicago, Ill., less than-----	500
Progress Button Company, Philadelphia, Pa.	
Providence Pearl Button Company, Providence, R. I.	
Pauer, J., Higganum, Conn.	
Roherl, A., West Hoboken, N. J.-----	2, 000- 3, 000
Roschman & Bros., R., Ontario, Canada.-----	35, 000- 50, 000
Reheis Brothers, Newark, N. J.	
Raicheit, H., White Plains, N. Y.	
Smith, P., Vineland, N. J.	
Schwacher, C., Higganum, Conn.	
Schwander, B., Winfield, Long Island.	
Sulley, R., Newark, N. J.	
Sedlacek, A., Newark, N. J.	
S. & S. Novelty Company, Providence, R. I.-----	5, 000- 10, 000
Schwetz, R., Long Island City, Long Island.	
Schedwy, R., Little Ferry, N. J.	

Manufacturers.	Rating.
Schoen, G., Carlstadt, N. J.	
Schoer, S., New York.	
Tonks Brothers Company, Newark, N. J.	\$35,000- 50,000
Voclavicek, T., New Durham, N. J.	
Vigilant Button Company, Taunton, Mass.	3,000- 5,000
Wallbot, H., New York.	20,000- 35,000
Williams & Co., M. F., Providence, R. I.	20,000- 35,000
Weingenroth, E. W., Brooklyn, N. Y.	10,000- 20,000
Webster, H., Philadelphia, Pa.	
Wranek, F., Astoria, Long Island.	1,000- 2,000
Zima, J., Union Hill, N. J., less than	500
Zampach, C., Union Hill, N. J.	

PHOTOGRAPHIC FILMS AND PLATES.

**UNDERWOOD & UNDERWOOD, NEW YORK CITY, WISH THESE
ARTICLES PLACED ON FREE LIST.**

NEW YORK, N. Y., *December 9, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

SIRS: We beg to suggest that this class of imports merit free entry, and in support thereof to state:

The facts given apply especially to manufacturers of stereoscopic photographs, but we believe also apply equally to all American manufacturers who photograph abroad.

The United States is at present many times the largest producer of high-grade stereoscopic photographs, and exports a liberal percentage of its product. Although there is at the present time indications of keen competition developing in Germany, France, and Japan, America has heretofore been many times the largest producer of high-grade stereoscopic photographs.

Photographs of foreign sites and subjects are essential to this export trade, and are of large importance in domestic trade, both for educational institutions and private use.

Photographs, stereoscopic and otherwise, have come into large use in educational institutions.

For quality of high grade, a photograph must be from an original negative. A negative of Rome must be made in Rome and not copied from another picture, or the photograph therefrom will be inferior.

As modern stereoscopic photography has largely been developed by Americans and its special needs in subject and composition understood by them, the custom is almost universally followed by these manufacturers of sending their own operators, selected and trained by themselves, and then returning the exposed plates or negatives directly and exclusively for use in their own factories in this country.

Photographic negatives are not articles of merchandise in the usual sense of the word. But few of those made for commercial uses ever change hands.

They are simply tools; the manufacturer who uses them must, in almost every case, make them himself; those of foreign subjects must be made abroad. On entering this country they go at once into the manufactory, where they stay.

Imposing a duty on such exposed plates or negatives is a discrimination against the American manufacturer of photographs

of foreign subjects. Their importation increases a home industry and works no disadvantage or injury to anyone; obviously original foreign negatives can not be made in America.

The law of 1897 includes in the free list different products and materials intended expressly for use in American manufactory, as bolting silks, paragraph 498; glass plates, paragraph 565; lithograph stones, paragraph 601, and many articles more strictly raw material; also the work of American artists, paragraph 703. The characteristic of these imports accord so closely with those of the exposed photographic plates or films and negatives we feel the general spirit of the present law would at once admit these latter to the free list.

There is no specific provision in the law of 1897 for either exposed photographic plates or films or negatives. From all information we conclude this class of imports was then practically unknown to the customs service.

This has resulted, in spite of the painstaking endeavors of the customs authorities, in inconsistencies very unsatisfactory to the importers, and, we are persuaded, as little satisfactory to the authorities. For example: Under T. D. 24012, October 14, 1902, exposed photographic films—that is, an emulsion on celluloid—has been admitted free. Exposed photographic plates—that is, a similar emulsion on glass—have paid duty. Although photographic dry plates and photographs were dutiable at 25 per cent ad valorem, yet exposed photographic dry plates were until early in 1907 and photographic negatives still are classified as “manufactures of glass,” dutiable at 45 per cent. We are not informed as to the practice in the case of developed photographic films, but the same method of classification would make them dutiable as celluloid at a rate wholly different from the rate on the negative on glass. In fact the glass and the celluloid, as substances, bear no relation at all to the operative properties of the negative, the requirement being merely a cheap transparent substance of any material whatsoever which will support the emulsion.

We will appreciate opportunity to furnish any information desired or substantiate any statements made.

For these reasons we earnestly urge consideration by the committee of the free entry of exposed photographic dry plates and films and negatives.

Respectfully submitted.

UNDERWOOD & UNDERWOOD,
By B. UNDERWOOD, *President*.

(A letter similar in purport to the above was filed by the H. C. White Company, North Bennington, N. Y.)

PRECIOUS STONES.

GEORGE F. KUNZ, NEW YORK CITY, SUGGESTS SCHEDULE OF RATES FOR PRECIOUS STONES.

NEW YORK, *December 1, 1908.*

HON. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: Your esteemed favor of the 24th ultimo, containing an invitation to appear before the Committee on Ways and Means, and

your favor of the 28th ultimo, requesting me to present a brief on the duties of precious stones, are both at hand, and I herewith present the brief.

Believe me, very truly, yours,

GEORGE F. KUNZ,
D. Sc., A. M., Ph. D.

(Special agent United States Geological Survey 1882 to date. The only honorary member Chamber of Commerce of Precious Stones of France.)

For twenty-five years I have been on familiar terms not only with the leading as well as the smaller dealers in jewelry, but also with lapidaries, gem engravers, and gem cutters, and find that as a general rule they are all only interested in the duty which immediately concerns them personally, without the least regard to what may affect the lesser or greater numbers of the same profession. For this reason it occasionally happens that a number of the forms of precious, semiprecious, and gem stones are overlooked, because those men who deal in them have not the means to represent themselves properly at investigations carried on at a distance. The brief herewith submitted is presented with a view to doing justice to all concerned and to simplifying the complexities of the present tariff.

If provisions similar to those herein proposed be embodied in the tariff, much of the needless litigation over technicalities, which constantly presents itself to the New York customs officials, will be done away with, and, at the same time, if the precious-stone duty only is enforced in the case of pearl necklaces and of valuable precious stones contained in jewels, a larger revenue will be collected. In this way the country need not humiliate itself by keeping a staff of detectives in the larger European hotels, sometimes producing results not entirely satisfactory, but scarcely surprising, in view of the great bounty offered to the officers of the law, whose zeal is sometimes unduly stimulated thereby.

Under present conditions many heirlooms, old pieces of jewelry, and gifts of precious stones in their original settings are probably not declared at present, although they would be declared if a precious-stone duty of 10 per cent were imposed. At present, if through some error such articles are brought over, the 60 per cent duty is generally paid under strenuous protest, and it causes much personal hardship to the innocent importer, generally a private party only and not a dealer.

Precious stones in their natural state, uncut, 10 per cent ad valorem.

PROPOSED TARIFF FOR PRECIOUS AND SEMIPRECIOUS STONES AND GEM STONES.

That all precious, semiprecious, gem, and ornamental stones, such as diamonds, rubies, sapphires, emeralds, chrysoberyls, cat's-eyes, alexandrites, tourmalines, aquamarines, zircons, garnets, and other stone materials, when natural and not artificial, to be used in jewelry, or for art objects or bric-a-brac, or in mechanical processes, whether cut, polished, or engraved, and whether loose or strung as spheres, slabs, cubes, or in any other form, shall be dutiable at the rate of 10 per cent ad valorem. In this class shall be included rock crystals, agates, and

all varieties of the quartz group, as well as jade, malachite, lapis lazuli, crocidolite amber, coral, satin spar, etc., whether natural, colored, dyed, stained, or treated in any other way, but it shall not include marble, either carbonate of lime or carbonate of lime and magnesia.

PROPOSED TARIFF ON ARTIFICIAL AND IMITATION STONES.

Artificial and imitation stones of all kinds shall be assessed at a duty of 20 per cent ad valorem.

PROPOSED TARIFF FOR PEARLS.

That pearls of every form and variety, when of natural origin, whether round, drilled, split, half pearls or seed pearls, and whether loose, assorted, or strung, shall be dutiable at the rate of 10 per cent. When any such pearls are held together by a clasp or snap, this shall be dutiable at the rate of 30 per cent as jewelry, unless the stones in the clasp or snap should have a greater value than the setting, in which case the stones shall be subject to a duty of 10 per cent, while the setting shall be dutiable at the rate of 30 per cent as jewelry, and the same conditions and rates shall apply to any bars or other ornaments connected with a pearl necklace.

PROPOSED TARIFF FOR CULTURE PEARLS OR PEARLETTES.

That the pearl-like objects produced by introducing pellets of wax, bone, ivory, or any other substance into pearl shells while in growth and which, when removed from the shell, have only a slight coating of the pearly nacre and are known as culture pearls or pearlettes, shall be subject to a duty of 20 per cent ad valorem.

JEWELRY.

The term "jewelry" shall be used to designate all ornamental objects composed of gold, platinum, silver, iron, or other material used for adornment if under \$50 in value. If of greater value than \$50, and if more than one-third of this value consists in diamonds, pearls, or precious or semiprecious stones of any kind these objects shall be called "jewels," and the value of the setting shall be dutiable as jewelry, but the content, as precious stones, shall only be subject to the duty levied on diamonds and precious stones. The setting itself, however, is to be dutiable at from 30 to 60 per cent, as may eventually be decided. In other words, if an ornamental object as a whole be appraised at \$1,000, and contained precious stones at \$900, there shall be a jewelry duty on \$100 as the value of the setting, and a precious-stone duty on \$900 as the value of the precious-stone material; or if the object as a whole be worth \$1,000, the setting alone being \$10, and the precious-stone material \$990, there shall be a precious-stone duty of 10 per cent on the content and a jewelry duty upon the setting.

A duty of 60 per cent upon jewelry is excessive and prohibitory. If the duty were 30 or 40 per cent. the United States Government

would collect a much larger sum in customs, as there would be more purchasers to pay duty and less jewelry could be brought in without having been declared.

WILLIAM C. WULFF, CHICAGO, ILL., ASKS THAT CUT AND UNCUT STONES BE ADMITTED FREE OF DUTY.

CHICAGO, ILL., November 24, 1908.

HON. J. S. BOUTELL, M. C.,
Washington, D. C.

DEAR SIR: The revision of the tariff, in my estimation, should include our industry. Cut and uncut stones are raw material. The great cry of protection to infant industry of diamond cutting has been a farce the past year or eighteen months. I had conversation with cutters of New York and Brooklyn, where most cutting is done in America, and the little employment they had and the product they made (commercial cutting) was of so small an amount compared to the importation that the cry of supporting an infant industry is absurd, when you realize that if we had the tariff on diamonds off and unset admitted free of duty, the greatest incentive for smuggling is removed; the same applies to cheap imitation sets, corals and cameos, mostly imported. These are raw material, figuratively speaking, in my estimation, in our industry. The set article, or mounted as some call it, and the finished jewelry can well be protected, but why the raw material? The middle class want the genuine article.

Visit the city of Providence and Attleboro, where ten-hour day prevails, and see the result of tariff legislation, and they are its main adherents; so am I on the finished product, but not on raw material. Every other city in United States has a nine-hour day. Let them introduce American ideals in those cities and ask for cheaper raw material if it is so difficult to inaugurate the shorter workday and abolish child labor there.

Let Providence, R. I., and the two Attleboros, Mass., get a prod and you can serve one of your constituents by so doing and oblige, yours, for American ideals in our industry.

Truly, yours,

WM. C. WULFF,
Editor and Publisher Jewelry Worker.

**THE AMERICAN OIL AND SUPPLY COMPANY, NEWARK, N. J.,
ADVOCATES INCREASE OF DUTY ON WATCH JEWELS.**

NEWARK, N. J., December 2, 1908.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We would ask that you file this communication, so that it may be brought to the members' attention when the subject is up for consideration.

At the present time sapphire, ruby, and garnet watch jewels (unset) are subject to a duty of 10 per cent (par. No. 191), while all watch parts, such as wheels, pinions, springs, etc., are subject to a duty of from 40 to 60 per cent.

This low rate of duty on the jewels makes it absolutely impossible for American manufacturers to compete with the foreign market. The rough material is brought in free of duty, but the work can not be turned out and sold at a profit from the American factories while this condition exists.

The original duty was 40 per cent before being reduced to 10 per cent, and at the original amount of duty it enabled the American mechanics to turn out the work and keep out a large proportion of foreign goods.

The closest estimates show that at least half a million watch jewels are used in the United States every working day in the year, and that practically every one is now imported under the 10 per cent clause.

If a protective tariff were placed on these jewels it would give work to at least 10,000 people in the United States. It does not seem necessary for us to go into further details, as this can readily be verified when necessary.

Our interest in the matter is that we have a department devoted to the manufacture of jewels and other articles made from sapphire, ruby, and garnet, but we are unable to touch the watch-jewel business solely on account of duty.

We hope this letter will have favorable consideration, and will not be overborne by arguments brought forward by the so-called "watch trust," who, we believe, are largely interested in importing jewels at a low figure, but at the same time are interested in keeping out the foreign-made watch material so that their own homemade material can be sold.

Yours, respectfully.

AMERICAN OIL AND SUPPLY CO.,
C. R. BURNETT.

SAFETY FUSE AND BLASTING CAPS.

J. H. LAU & CO., NEW YORK CITY, ASK FOR LOWER DUTIES ON
THESE ARTICLES, WHICH THEY IMPORT.

NEW YORK, December 2, 1908.

HON. SERENO E. PAYNE.

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We are importers of safety mining fuse and blasting caps made in Germany and in other countries. Safety mining fuse has no special classification in the present tariff, but the various kinds are assessed now as on manufactures of cotton, 45 per cent; manufactures of hemp, 45 per cent; or manufactures of gutta-percha, 35 per cent. This article is used by nearly every individual miner in the United States and paid for out of his own pocket. Mining fuse is manufactured in the United States in four factories, which are owned and controlled by one concern, the E. I. du Pont de Nemours Powder Company, of Wilmington, Del., the so-called "powder trust."

This fuse is manufactured by special machinery and requires very little if any skilled labor, and besides most articles composing it, like cotton yarn and tar, are products of the United States and are

as cheap here as in England or Germany. The manufacture of mining fuse at prices which the individual miners at present have to pay yields extremely large profits, far in excess of the average legitimate manufacturing profits.

The manufacturers of mining fuse in the United States sell such fuse for export to Canada and Mexico at prices much below the prices they are asking in the United States. In view of the above facts, we respectfully ask your committee to place the various kinds of safety mining fuse, hemp, cotton, single tape, double tape, triple tape, and gutta-percha fuse in a special classification, subject to a duty of 10 per cent ad valorem.

With regards to blasting caps, the duty we are now paying under the present tariff is \$2.36 per thousand, or virtually 125 per cent ad valorem. These caps are manufactured in this country by two factories, both of which are controlled by the E. I. du Pont de Nemours Powder Company, of Wilmington, Del., the so-called "powder trust," as stated before, and we respectfully ask you to place them on the same footing as ordinary percussion caps, i. e., a rate of duty of 30 per cent ad valorem.

Yours, respectfully,

J. H. LAT & Co.

THE GERMANIA IMPORTING COMPANY, NEW YORK CITY, RECOMMENDS A DUTY OF 10 PER CENT ON SAFETY FUSE.

New York, December 1, 1908.

Hon. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: We are importers of safety mining fuse made in Germany. This article has no special classification in the present tariff, but the duty on the various kinds of mining fuse is assessed now as on manufactures of cotton 45 per cent, or on manufactures of hemp 45 per cent, or on manufactures of gutta-percha 35 per cent.

This article is used by nearly every individual miner in the United States and paid for out of his own pocket.

Mining fuse is manufactured in the United States in four factories, which are all owned or controlled by one concern, the Ensign Bickford Company, of Connecticut, in conjunction with the firm of E. I. Du Pont De Nemours Powder Company, of Wilmington, Del., the so-called "powder trust."

Mining fuse is manufactured by special automatic machinery and requires very little, if any, skilled labor. Most articles composing it, like cotton yarn and tar, are products of the United States, and are as cheap here as in England and Germany.

The manufacture of mining fuse at prices which the individual miners at present have to pay yields extremely large profits, far in excess of average legitimate manufacturing profits. The manufacturers of mining fuse sell such fuse for export to Canada and Mexico at prices much below the prices which they exact in the United States.

In view of the above statements, we respectfully ask your committee to place the various kinds of safety mining fuse, to wit, hemp

fuse, cotton fuse, single-taped fuse, double-taped fuse, triple-taped fuse, and gutta-percha fuse, under a special classification subject to a duty of 10 per cent ad valorem.

Yours, very respectfully,

GERMANIA IMPORTING Co.,
GEO. STABER, *President*.

SHEET GELATIN.

THE BRIGHAM SHEET GELATIN COMPANY, NEW YORK CITY, ASKS AN INCREASE OF DUTY ON ITS PRODUCT.

NEW YORK, N. Y., *December 5, 1908.*

GENTLEMEN OF THE COMMITTEE ON WAYS AND MEANS:

We respectfully ask for an increase of duty on sheet gelatin from the present duty of 35 per cent (par. 450) to 60 per cent in order to equalize the difference in cost between American labor and German labor.

Capital invested in the manufacturing of sheet gelatin, \$50,000; relative cost of labor, 50 per cent; relative cost of raw material, 50 per cent; cost of German sheet gelatin, duty paid, \$24 per 1,000 sheets; cost of manufacturing sheet gelatin in this country, \$25 per 1,000 sheets.

All the raw material used in the manufacturing of sheet gelatin is imported, on which we pay a duty of 25 per cent, hence the more sheet gelatin we can manufacture the larger the revenue to the Government from the raw material we import.

Impossible to use any other raw material but the imported for the making of sheet gelatin, owing to the superior quality of the foreign raw material, due to a secret process.

Very respectfully,

BRIGHAM SHEET GELATIN COMPANY.

SIMPLE SKETCHES.

NEW YORK, *December 4, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: Having read with interest the proceedings before the Ways and Means Committee on the adjustment of the tariff, I beg to call your attention to what would seem to be the unfairness of placing a prohibitive tariff on the importation of simple sketches sent in from Europe as a pattern from which textile woven-silk goods are made.

It seems unjust to place a prohibitive duty simply on a design which is procured in order that business may be done in this country.

While our country has made rapid strides in all lines of endeavor,

there are yet many good lessons to be learned from the Old World, and it seems unreasonable to stand in our own light by putting a tax on an opportunity which would enable us to raise the artistic character of any of our fabrics.

A silk designer sends to Europe for new designs. He receives these ideas in the form of sketches and works out a pleasing pattern for goods made in this country, which is a benefit not only to the manufacturer but to the mill worker and to all parties concerned.

Inasmuch as a designer does not as a rule receive any compensation for the sketch he makes in this country, I see no reason why we should curtail our opportunity for manufacturing high-class designs by prohibiting these imports.

By being gradually educated through the high-class designs of Europe it will not be many years before our artistic side may be so developed that our designers may be able to give lessons to the other side, and thus reverse the condition of affairs, which we could not otherwise do by being deprived of the educational advantages that a European design now affords us.

Trusting that you may consider favorably the suggestion made by me,

Yours, very truly,

FRANK CHARCOT.

STRAW BRAIDS.

THE R. H. COMEY COMPANY, CAMDEN, N. J., FILES SUPPLEMENTAL BRIEF RELATIVE TO STRAW AND CHIP BRAIDS.

CAMDEN, N. J., December 3, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

HONORABLE SIR: Supplementing our memorial submitted a few days ago, we can not impress too strongly upon you the fact that the threatened Japanese and Chinese competition, of which we spoke in our first memorial, is not fancied or imaginary, but entirely real.

We have had repeated letters from Japanese students in this country requesting permission to go through our factories, which, of course, we have been compelled to refuse.

We have also had a visit from the president of the Japanese Manufacturers' Association, who was accompanied by four young Japanese, who also wanted to go through our plant.

The Japanese have already sent over braids dyed black, and there is no doubt but what they are working with a view of taking up the proposition of dyeing and bleaching these braids before exporting them to America.

The present tariff duty, which protects us to the extent of only 5 per cent ad valorem against European competition, is entirely inadequate, and if we are compelled to face Japanese competition there is no question but that our business will be ruined.

We assume that the dyeing and bleaching of straw and chip braids, based upon the number employed in our factories, gives employment

to at least 2,000 people in our country. This means bread and butter for probably 8,000 more.

The English take advantage of their low labor cost by producing results in white and colors superior to anything we can produce for the same money here.

The Italians, while their results generally are not as good as ours, are able to pay the extra duty and export dyed and bleached braids to this country at prices considerably below ours.

The fact that \$509,000 of dyed and bleached goods came in from Europe last season, out of a total of about \$1,800,000, or approximately one-third, we think is sufficient to show that this European competition is injurious to our business to an alarming degree, aside from threatened Japanese competition, and we hope you will give us the protection asked for in our petition first submitted.

As far as the ultimate cost of the goods to the actual consumer goes, we would state that the dyeing and bleaching cost per dozen hats will not average 50 cents per dozen. You will readily see that a small additional duty on the dyeing or bleaching cost can not possibly affect the price to the consumer of men's hats, which are retailed at anywhere from \$1 to \$5 each. Nor can it affect the price of ladies' hats to the consumer, as they are retailed at any price from \$1 up to \$10 for average quality, and the prices depend entirely on fashion or style.

The increased duty we have asked for can not possibly work any hardship upon anyone, and will certainly result in giving employment to a considerable amount of American labor, and at the same time actually result in increased revenue to the Government on account of the additional dyes and chemicals dyers and bleachers could consume, which dyes and chemicals are mostly imported and are taxed higher in proportion than the dyed and bleached straws are.

Naturally the few importers of straw and chip braids will be opposed to any advance in duty on dyed and bleached straw braid, as it will, to a certain extent, affect their profits; but, as we understand it, the Ways and Means Committee is considering the average American's pocketbook, rather than a few importers, and we trust that you will agree with our view of the matter and grant our request to increase the duty on dyed and bleached straw and chip braids from 20 per cent to 30 per cent ad valorem.

Yours, truly,

R. H. COMBY COMPANY,
L. A. GOODWIN, *Secretary*.

**THE ITALIAN CHAMBER OF COMMERCE, NEW YORK CITY, ASKS
REDUCTION OR REMOVAL OF DUTY ON STRAW BRAIDS.**

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Under Schedule N, sundries, of the present tariff the Italian Chamber of Commerce in New York respectfully submits to this honorable committee the following recommendations and

arguments for the reduction or removal of duties on the articles hereunto specified:

PARAGRAPH 409. STRAW AND WILLOW BRAIDS AND PLAITS FOR MAKING OR ORNAMENTING HATS AND BONNETS.

The above stated and kindred materials for the making of straw or willow and similar hats and bonnets are now subject to a duty of 15 per cent ad valorem if not bleached or dyed, and of 20 per cent if bleached or dyed. The importation of such materials for consumption in the United States during the year ending June, 1907, amounted respectively to \$2,984,566 and \$508,993, while their total importations, irrespective of classification and quantity destined to home consumption, amounted in the same year to \$3,988,033, of which \$674,374 from Italy, \$1,747,703 from China, \$636,628 from the United Kingdom, \$444,320 from Japan, and \$146,107 from France, which are the most important sources of supply for this material.

Although a manufactured product, not being, however, by itself a finished product, it has practically the character of a raw material necessary for the making of straw hats; and as no such material is, to our knowledge, manufactured in the United States and can not be produced, owing to the absence of certain factors, which is impossible to remedy with the tariff, and therefore no reason exists for protective duties, the above-stated rates should be reduced and one group, at least of these articles, viz, that of straw braids and plaits, not bleached or dyed, representing six-sevenths of the total importation, should be placed on the free list, in order that American labor may benefit to a greater extent from the manufacture in this country of the finished article.

PARAGRAPH 409—STRAW AND WILLOW HATS AND BONNETS.

These articles of wearing apparel, which are so essential to the comfort of our population during the warm summer months, pay at present at the rate of 35 per cent ad valorem if not trimmed and of 50 per cent ad valorem if trimmed. The amounts entered for home consumption in fiscal year ending June, 1907, were, respectively, of \$2,436,214 and \$148,870, which figures show that the finishing of the hats, the most profitable part of the business, is done in this country to the advantage of American labor. Italy alone supplied in fiscal year 1907, \$870,172 of straw hats, followed by South America, with \$684,305; France, with \$367,261; Mexico, with \$279,583.

While this chamber is not asking for any reduction of duty on the finished hats, it believes, however, that a reduction should be made in the rate of duty on such lines as "Leghorn rough" and willow hats, representing a cheaper article than the Panamas and destined to the consumption of the masses of our population, who feel most the strain of the increased cost of living.

PRECIOUS STONES—CORAL, AND MANUFACTURES OF.

Coral, in its natural state, is exempt of duty, and this chamber recommends it should remain on the free list, as there is no coral

produced in the United States and hardly any imported in such condition. The following refers to manufactures of coral, viz, coral cut and polished, but not set:

Although this article is now improperly classified under paragraph 115, Schedule B, marble and stone, and manufactures of, of the present tariff, subject to a duty of 50 per cent ad valorem, we contend it should be classified as "precious stones" under paragraph 435, subject to a duty of 10 per cent ad valorem. To this it can lay the claim of precedent.

On no other article, perhaps, has the application of duties under the present tariff been so erratic and changeable as on coral, according to the interpretation given to the law by customs collectors, which has been the cause of great prejudice to coral interests, thus confronted by the abnormal situation of never knowing exactly how they stand in such important matter as duty, and also the cause of conflict between collectors of customs and the Board of General Appraisers.

Upon the appeal of coral interests against the classification of manufactures of coral as manufactures of marble and stone, subject to the 50 per cent rate under paragraph 115, the board rendered a decision classifying them as "precious stones" under paragraph 435, and for some time they paid duty as such at the rate of 10 per cent ad valorem. For the last six months, however, they have by the collector of customs been put back to paragraph 115 and duty charged at the rate of 50 per cent ad valorem.

The injustice of classifying manufactures of coral as manufactures of marble and stone merely for the fiscal purpose of charging a higher duty is self-evident, as coral goods undergo hardly any manufacture, save a little cutting and polishing, and have essentially the character of precious stones in their use by the people. They supply a popular demand, generally among classes of less affluent means, who can not afford expensive stones and who should not be deprived of the pleasure of wearing such if they so desire. Although there are some expensive kinds of coral, this article may be qualified as essentially the "poor man's precious stone," and therefore should not be charged such exorbitant duty as 50 per cent.

Not only is no coral produced, but none is cut or manufactured in the United States. There is therefore no need of protection. Never was the consumption of cut and polished coral so notable in the United States, nor the revenue from this article so satisfactory, as when it was admitted at the rate of 10 per cent ad valorem, which encouraged consumption. A higher duty, such as the present 50 per cent rate, is simply prohibitive and also prejudicial from a revenue standpoint. A 10 per cent rate under paragraph 435, while not unfair to the coral interests, would encourage consumption and revenue.

This chamber unites with the Jewelers' Board of Trade, of Maiden lane, New York, in their respectful request to this honorable committee that coral manufactures be removed from paragraph 115 and classified as "precious stones" under paragraph 435 of the present tariff, subject to an ad valorem rate of 10 per cent.

HIDES OF CATTLE.

They come under paragraph 437 of the present tariff, subject to a duty of 15 per cent ad valorem. Why such duty was imposed in

1897 on cattle hides, after having been free of duty for two years previously, is still unexplained, and this radical departure in revenue legislation, from which not the slightest benefit has accrued to the farmers, who, like all consumers of leather, have instead suffered from it by reason of the increased price of shoes and other leather goods, stands for early repeal.

The imposition of this duty has not advantaged revenue to any great extent, the Government deriving little over \$2,000,000 from it, while, with a domestic hide supply too small for and about one-third less than the requirements of the domestic consumption of leather and which, unlike manufactured products, can not be increased at will, hides being as a by-product dependent upon the number of cattle slaughtered, it places limitations on the opportunities of the great tanning and leather industries of this country, which a wise economic policy should maintain instead, as wide as possible, in the interest of American labor, which would find increased employment by the unshackled development of such industries. This benefit now goes to the manufacturing countries of Europe, which, by admitting hides free of duty, are thus enabled to convert the surplus hides of other countries into articles for the export trade of the world and in competition with similar American goods.

The decreased exports of sole leather from the United States, from 45½ million pounds in fiscal year 1895 to 31½ million in fiscal year 1908, of which the duty on hides has been the cause; the absence of any benefit accruing to the farmers from such duty (cattle prices being regulated by the demand for beef for food and the higher or lower rates paid for hides having no relation to the prices paid for cattle on the hoof, hides having often been dearer when prices for cattle are cheapest), with the positive injury of the greater cost for shoe and harness leather, of which farmers are perhaps the greatest consumers; the impossibility of rendering the domestic supply of hides adequate to the requirements of the domestic consumption and exportation of leather, cattle being raised for beef and not for the hide, which is a by-product and not a factor of the price paid for cattle on the hoof; the injury derived from the duty on hides to other lines of industry by reason of the increased cost of belting; the artificial increase of value from 5 cents in 1896 to 6 cents in 1907 per pound on the hides to the sole benefit of a few packers tending to monopolize the supply; the necessity for protection to American labor by promoting such great interests as represented by the tanning and leather industries, with an annual output of goods worth about \$700,000,000, an invested capital of about \$400,000,000, and annual wages paid to the amount of over \$100,000,000, an industry which finds such favorable conditions in this country not only by reason of the great number of cattle produced, but also by the abundant supply of material of the best kind, such as furnished by the great oak, hemlock, and chestnut forests of the United States. for the tanning of leather; these are only some of the many arguments that could be stated in support of the repeal of the duty on hides, and the restoration on the free list of this raw material so vital to the leather-trade expansion of the United States.

GLOVES OF KID OR OTHER LEATHER.

present duties on this article, ranging from \$1.75 to \$6.15 for ladies' gloves and from \$3 to \$5.80 for men's gloves, are excessive, representing an increase, on the original cost from about 21 to over 81 per cent, but objection is made to the present rates especially because they are not proportionate to the value of the article. For instance, ladies' unlined gloves not over 14 inches in length, costing \$5.05 per dozen pairs, pay a duty of \$2.50 per dozen—that is, at the rate of 49.48 per cent—while a much more expensive glove, over 14 and not over 17 inches in length, lined, costing \$15.08 per dozen pairs, pays a duty of \$4.75 per dozen, or at the rate of 30.78 per cent. It would be reasonable that a glove more expensive than another should pay proportionately higher duty, but this principle is not adhered to in the duties on this article, and cheaper grades of gloves pay a much higher ad valorem rate than more expensive grades, which is unjust.

Gloves are not a luxury, but a necessary article of wearing apparel, and should not be taxed such high rates. It appears, moreover, to this chamber that a better distribution and systematizing of the burden of duty on this article, so as to make the rates more equitable and proportionate to the value represented by the goods, is recommendable both in the interest of consumers and revenue.

WORKS OF ART.

A feature of the present tariff that calls loudly for repeal is paragraph 454, imposing a duty of 20 per cent ad valorem on works of art, which has been reduced to 15 per cent in the case of works of art from countries having entered into reciprocity treaties with the United States (France, Germany, Italy, Spain, Switzerland, and Cuba).

Works of art exert a great educational influence on the people, and in a country like this, which, through its admirable educational system and institutions, can point with justifiable pride to the high standard attained in this essential element of national life and progress, it seems an irony to maintain a duty on such an important educational factor as works of art.

As the national resources of this country have been developed and the affluence of its people increased, the necessity of cultivating to a more adequate extent the artistic sentiment, of encouraging and developing the study of the fine arts and the application of arts to manufactures and practical life, is being more and more recognized.

Why should not Americans attain as high a proficiency in art as they have already achieved in other lines of endeavor? To promote this end, however, opportunities for study and cultivation of art must be brought nearer to the people and made accessible not only to the wealthy, but to all classes of our population, and this can only be stimulated through a liberal policy in opening, instead of shutting, as we do at present, our doors to artistic productions from all other countries.

In all the most advanced countries of the civilized world works of art are admitted free of duty, and this country should not take an

anomalous stand by maintaining a duty which serves but little purpose even from the standpoint of revenue, the Government deriving yearly but \$774,409 from it.

The discrimination in favor of the production of American artists residing temporarily abroad, which is admitted free of duty, when the universal purport of art is considered, does not invalidate the plea of this chamber for the restoration of works of art to the free list.

At all events this chamber wishes to recommend an amendment to paragraph 454, viz, the suppression of that part running as follows: "But the term 'statuary,' as used in this act, shall be understood to include only such statuary as is cut, carved, or otherwise wrought by hand from a solid block or mass of marble, stone, or alabaster, or from metal, and as is the professional production of a statuary or sculptor only."

According to the present construction of the foregoing by the collector of customs, a cast-bronze statue is not considered a work of art, but a manufacture of metal dutiable at the rate of 45 per cent ad valorem under paragraph 193. This is unjust, and the cast-bronze statue (casting being the necessary process of production), provided it is the professional production of a statuary or sculptor only, should be dutiable as a work of art.

In case works of art are not placed on the free list, this chamber desires to submit further recommendations, viz:

(a) That no duty should be charged on breakages, which are anything but rare, and which practically destroy the value of the work.

(b) That the market value of a work of art on which duty is assessed should be the price actually paid to seller at its place of origin, and not the value placed on such work by dealers on such markets as Rome, Florence, Venice, Paris, and London, which includes often heavy charges for freight, storage, and middleman's profit.

Respectfully submitted for the Italian Chamber of Commerce, in New York.

E. MARIANI, *Vice-President.*

G. R. SCHROEDER, *Secretary.*

**PARSONS BROTHERS, BROOKLYN, N. Y., ASK AN ADVANCE OF
DUTY ON BLEACHED AND DYED CHIP AND STRAW BRAID.**

WASHINGTON, D. C., November 24, 1908.

HON. SERENO E. PAYNE.

Chairman Ways and Means Committee,

House of Representatives.

GENTLEMEN: We have the honor to invite your attention to the needs of a higher duty on dyed and bleached chip and straw braids which are used in the manufacture of hats.

The present duty on bleached and dyed braids is but 5 per cent more than that charged on the raw material—i. e., "not dyed or bleached, 15 per cent; if dyed or bleached, 20 per cent"—and this 5 per cent does not give the American dyer a sufficient margin to compete with the foreign dyer, who has the advantage of cheaper labor and materials.

The chemicals and dyes entering into the dyeing and bleaching of braids to the extent of nearly 60 per cent of the cost of production, and these chemicals and dyes are dutiable under the present tariff, 25 per cent.

Therefore, we pray you that the duty on bleached and dyed chip and straw braid (Schedule N, No. 409) be advanced from 20 per cent ad valorem to 30 per cent ad valorem.

Respectfully submitted.

PARSONS BROTHERS (INCORPORATED),
J. U. PARSONS.

**BRAID MANUFACTURERS WISH AN INCREASE OF DUTY ON
ARTICLES MADE FROM BRAID.**

NEW YORK CITY, *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We recommend the insertion of the following new paragraph in Schedule N, sundries:

Trimnings, medallions, ornaments, or garnitures made of braids, or in which braid is the component material of chief value, shall pay the same rate of duty as imposed in this act on such braids, and, in addition thereto, a duty of twenty per centum ad valorem.

It is hardly necessary to point out to your committee that trimmings, medallions, ornaments, etc., made from braid require additional labor in manufacturing same.

This labor is mostly hand sewing, and is done at very low prices in the manufacturing districts of Europe. The cost of similar labor in this country is from three to five times as much as in Europe.

We therefore ask for the very moderate protection of 20 per cent ad valorem to compensate for this difference in labor, so as to enable the American manufacturer to compete.

Respectfully submitted by the Braid Manufacturers' Association of the United States.

HENRY W. SCHLOSS, *President.*

VULCANIZED RUBBER GOODS.

**THE VULCANIZED RUBBER COMPANY, NEW YORK CITY, FILES
SUPPLEMENTAL STATEMENT URGING RETENTION OF PRESENT
DUTY.**

NEW YORK CITY, *December 4, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I had the honor of appearing before you on the evening of November 28, 1908, occupying only five minutes of your valuable time, but accorded the privilege of presenting a brief of the position we occupy in this matter, which I now have the honor to submit.

Representing the Vulcanized Rubber Company, a corporation organized ten years ago, and having a factory at Morrisville, Pa., and having office and wareroom at No. 488 Broadway, New York.

We manufacture exclusively hard rubber and goods made from it, such as combs, syringes, syringe fittings, telephone work, pipe

bits, sheet, rod, and tubing, and other various articles made from hard rubber. I also represent other manufacturers of hard rubber, and incidentally the wage-earners in this industry.

The tariff act of June 24, 1897, section N, under the head of "Miscellaneous manufactures" provided in paragraph 450, levies a duty of 35 per cent ad valorem on hard rubber, which we shall ask be left unchanged, and that you will so recommend it.

All that we ask is that the foreign manufacturer, owing to his cheaper labor and very much cheaper expense in running his business, shall have no undue advantage over us here in the United States.

My own experience of fifty years in manufacturing hard-rubber goods, as well as other manufacturers in this line whom I have consulted, have agreed with me that the average cost of material used in making an article and the labor actually expended on it are equal.

The foreign manufacturer pays for his labor from 40 per cent to 50 per cent less than we do here.

The crude material, which is free here, costs the foreigners the same as it costs us.

Assuming, therefore, that the cost to produce an article in this country is \$1 for material and \$1 for labor, bringing up the whole cost to \$2, the foreigner paying only 40 cents to 50 cents for his labor and \$1 for the material, his total cost is about \$1.45 against our cost of \$2. The duty, therefore, of 35 per cent added on the \$1.45 would about equal our cost of \$2 and enable the American manufacturers to continue paying present wages.

Any lowering of the present rate would mean ruin to the hard-rubber industry of this country, unless the wage-earner would be content to work for and be satisfied with the foreign rate of pay.

While the foreigner has no great advantage over us in the crude material, he has a great and very decided advantage in the cost of labor and the cost of expense in running his business.

In the long years that I have been connected with the business there was never a time when we would compete with the foreigner in selling and exporting our goods to foreign countries.

Owing to their control of cheap labor and cheap expense they have been able to monopolize this trade, and only the present duty prevents them from swamping us here.

The foreign manufacturers have the further advantage over us in so far that any labor-saving device or machine invented by the American mechanic is soon duplicated by them, and they still have the advantage of having this machine run by a cheaper man, and the machine itself if made abroad will cost probably one-half what it will cost here.

I desire to call your attention to the fact that the cost of a plant, building, machinery, etc., in Europe is very much less than the cost to us.

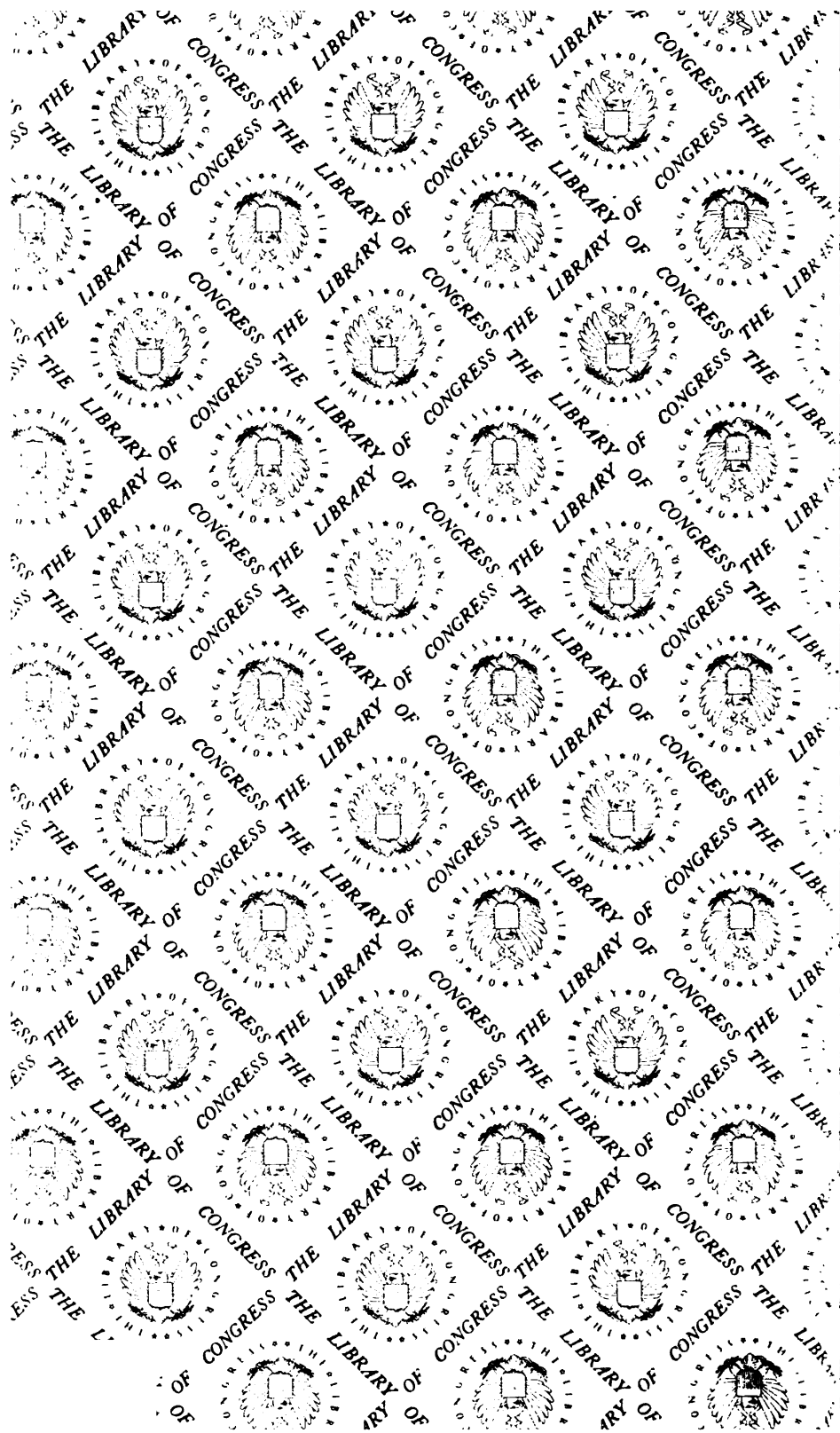
The cost of selling goods abroad is very much less than our cost.

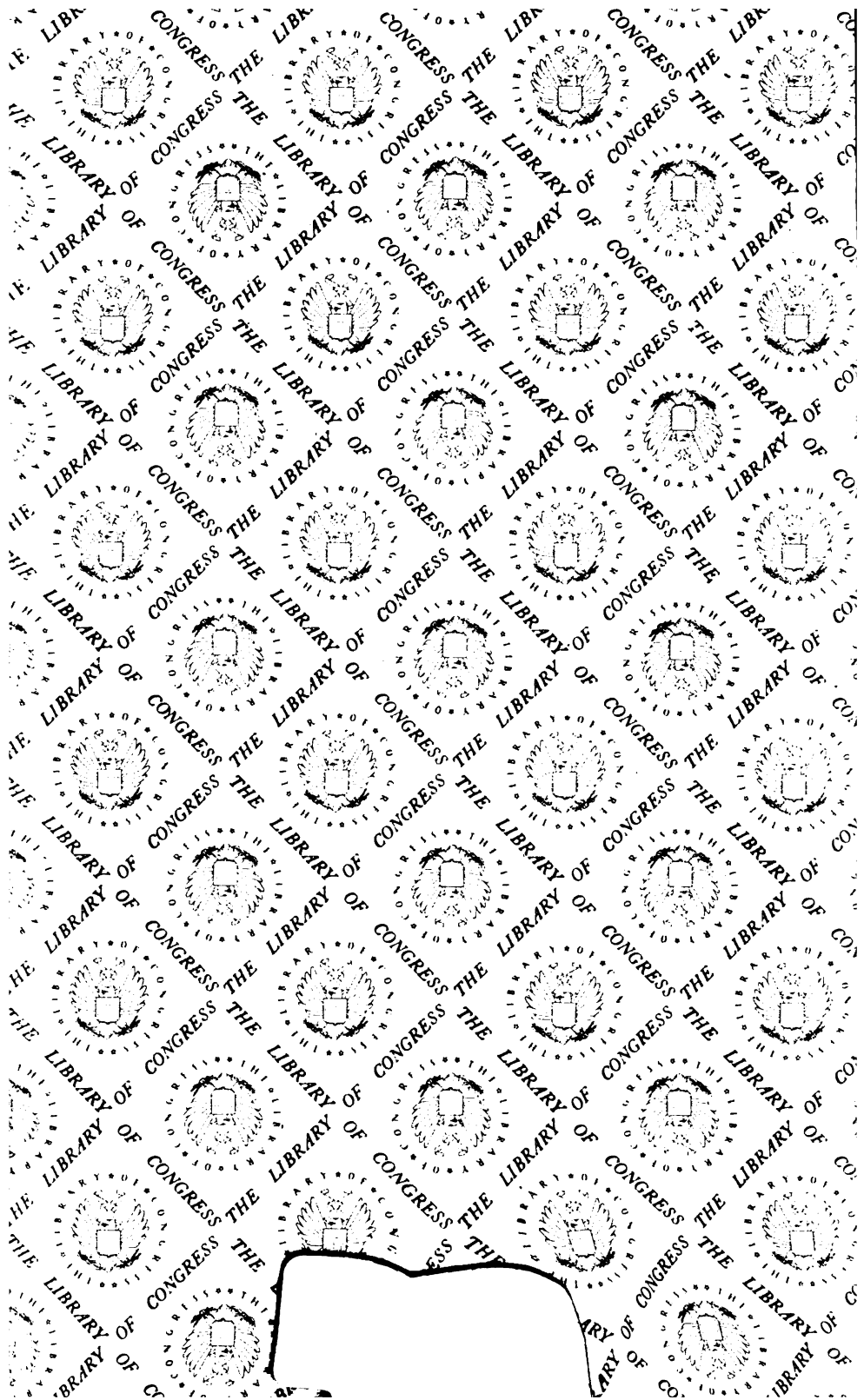
There are about 3,000 to 4,000 employed in this industry in this country, and the capital invested is about from \$7,000,000 to \$8,000,000.

All of which is respectfully submitted.

Yours, truly,

THE VULCANIZED RUBBER CO.,
M. DITTENHOEFER, *President*.





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